2021 ANNUAL REPORT

Co/ownership

CHAIR'S OPENING REMARKS

The period 2020-21 saw Co-Ownership meeting unprecedented challenges posed by the COVID-19 pandemic. We continue to take active measures to protect our workforce and customers against the impact of the COVID-19 virus, whilst remaining committed to keeping our services available.

I am pleased to report that despite these challenges, 2020-21 saw Co-Ownership continuing to deliver much needed affordable housing to the community whilst also delivering our transformation programme. That we delivered 1,081 homes in this time whilst also dealing with the challenges posed by the pandemic and the uncertainty around Brexit, is noteworthy. Following a temporary closure of the housing market due to the pandemic, we saw continuing high demand for shared ownership and we thank our colleagues in the Department for Communities (DfC) for their continuing support which enabled us to significantly meet demand. DfC approved an economic appraisal in early 2020 to provide Co-Ownership with £145m (£36.25m per annum) of funding to deliver 4,000 homes over the 4 years beginning in April 2020. We are also grateful for their additional funding for a £13m financial stimulus package to help applicants affected by the tightening of mortgage lender criteria post the outbreak of COVID-19. This is most welcome and will provide much needed assistance.

Some highlights from 2020-21 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 commenced a review of the pilot to consider it's success and sustainability as one of our mainstream products.
- We continued to develop additional products in keeping with our objectives and look forward to launching these in the near future, subject to funding.

- We maintained our commitment to socially responsible business through our CORE accreditation and our successful community fund.

- Additionally, we have worked with a West Midlands charity partner to develop a shared ownership product for them, which we will administer on their behalf.

- Our Steps to Buy NI Website continued to provide invaluable support and information to potential homebuyers.

- We launched a brand campaign to raise awareness of Co-Ownership across Northern Ireland.

- We completed a 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, all of this was achieved whilst responding to the COVID-19 pandemic and it is only due to the commitment and dedication of our staff that this was possible. We thank our staff and leadership team for their efforts. They continue to respond admirably to all challenges posed and they remain our most valuable asset. We will continue to develop and equip them with the skills necessary to deliver our transformed services.

In this, my final year as Chair of Co-Ownership, I reflect on the transformation that has taken place during my tenure. It is truly inspirational and I thank my Board colleagues, our staff and leadership team for delivering this change. I am certain that these changes will keep Co-Ownership at the heart of the housing market, delivering much needed affordable housing for years to come. I wish my successor as Chair and the organisation every success in the future.

Sidney McDowell

Chair

SUMMARY OF ACTIVITY

Delivering for Our Customers

Our key focus during the first quarter was to support our customers impacted by COVID-19 and where necessary to put in place arrangements for their rent. We also worked with all the customers who were in the pipeline for applying for Co-Ownership supporting those who we could to completion and refunding those whose application could not progress due to the market closure.

Once the market reopened we experienced unprecedented volumes of new applications fuelled by the COVID-19 impact on the market and lenders requiring higher deposits. We flexed our resourcing to keep on top of the applications and engaged with DfC about the market changes. This resulted in additional funding being allocated to Co-Ownership to support customers impacted by changes in lender criteria into home ownership.

Despite the housing market being closed for 3 months due to Covid 19 restrictions we were delighted to help 1,081 (1,118 in 19/20) people/families afford the purchase of their own home, which otherwise they would not have been able to do so. This was a fantastic achievement.

Throughout the year we have been focused on service delivery which has been challenging. During the year we also became members of the Institute of Customer Service and have used this to really focus on service improvement and how we build a culture of service excellence throughout the organisation.

co-ownership.org

Product Development

During the year, we reviewed our research into the needs and wants of older people in the light of COVID-19 and completed further work on the development of a shared ownership product for the Over 55s. We will engage further with stakeholders and work to develop and hope to launch the product next year.

Our internal data reporting was reviewed during the year. We jointly commissioned a report into the future city centre living and responded to a number of consultations issued during 2020/21. These included consultations relating to councils' local development plans and the NIHE consultation on its Older People's Housing Strategy. We also engaged further with the Department for Communities on their consultation on a revised definition of affordable housing.

ICT Activities

This year was a challenging one in particular dealing with the rapid changes brought about by COVID-19. To ensure business continuity IT had to quickly provide equipment and implement new solutions to enable remote working and to allow meetings and team collaboration to continue. The systems put in place have ensured our ability to sustain our staff working remotely whilst continuing to deliver operationally.

A significant accomplishment was the move of our ICT infrastructure to our new offices at Moneda House. The extensive planning and testing carried out pre the move meant we relocated with little disruption to the delivery of our services.

Marketing & Communications

The communications for the first part of the year was focused on COVID-19, keeping customers, stakeholders and team members internally up to date with what was happening. During this time we closed to applications and buy outs, reopened, and moved to remote working for most team members. As the year went on our focus shifted back to business as usual and 2 key activities – launching our first specific Buying Out mailing and the Brand Campaign.

The Buying Out mailing is a pilot initially, and limited to one council area. If successful, we plan to roll this out to wider areas. The Brand Campaign has been in development since 2019 and is designed to improve people's understanding of what we do, and attitudes towards us. While there is good awareness of our brand in the market, understanding of what we do and who we help is not so strong. Two bursts of advertising have been rolled out, and a review of the success criteria will follow. The campaign ran across UTV and Channel 4, billboards and digital channels. Coverage has been strong and feedback positive.

Our Public Relations and Public Affairs activities have continued to reflect the opportunities and challenges we have faced over the last year, supporting us with the challenges of closing for a period of time due to COVID-19, reopening, funding, getting stories into the media, and gaining elected representative support for what we do.

Example of brand campaign billboard

Financial Performance

The financial performance of the combined Co-Ownership and OwnCo Homes was very satisfactory with a surplus for the year of £9m being generated. This will be used to help more people into homeownership next year.
The balance sheet remains strong, with net assets having increased to £102m by 31 March 2021, and investment in housing properties increasing to £455m.

The Department for Communities continued government support for affordable housing through the provision of £39m of Financial Transaction Capital provided and £10m of Housing Association Grant during the year, to purchase affordable homes. This included additional funding to assist those struggling to raise a deposit to purchase their new home.

Board

All service by Board members is on a voluntary basis, with time and expertise freely donated to the work of Co-Ownership. It is with regret we noted the departure of Laura Jackson from the Board during 2020-21 and we thank her for her insight and professionalism during her tenure.

We welcomed Nicola McCrudden to the Board in 2020 as a co-opted member. The wealth of housing experience she brings to the Board is most welcome.

The Board completed a succession planning exercise in the year and looking ahead, the Board will continue to refresh and improve its practices through regular self-evaluation as well external assessment.

Governance, People Management and Community Engagement

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.

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

We highly value our Investors in People accreditation and used their framework for achieving high performance through people. The last IIP review report was used to help shape our new People Strategy 2020/23.

In February 2020, everyone in Co-Ownership attended a workshop to help reshape the organisation's purpose, vision and values. We followed this up with five all staff workshops in February and March 2021 hosted by an external facilitator to develop our behaviours definitions and these have now been finalised and will be mainstreamed in our HR recruitment, learning and development and performance management processes.

To support our people in dealing with the impact of the COVID-19 crisis, during the year we increased our focus on health & well-being and delivered a range of well-being initiatives for our staff. We also undertook activity to retain our ISO27001 accreditation for Information Security.

Having previously achieved accreditation by Business in the Community under CORE – the standard for responsible business and Northern Ireland's only Corporate Responsibility Standard, we continued our work to maintain this. Additionally, we attained bronze status in their Environmental Survey.

In the year, we used our community fund to assist Extern in their coronavirus relief activities, as well as helping other organisations suggested by staff. Our staff have also given of their time to support Age NI with an outbound call campaign to vulnerable older people.

PERFORMANCE HIGHLIGHTS

to the 2021 Annual General Meeting

Applications

A total of 3,034 applications were received for Co-Ownership during 2020-21, an annual increase of 34% when compared to last year.

As Co-Ownership paused new applications due to COVID-19 on 24/03/2020 and reopened to the market on 23/06/2020, this level of applications was received in what amounts to nine months

Property Purchasing Activity

A total of 1,242 homes were accepted for purchase on behalf of Co-Ownership customers during 2020-21, thus achieving the affordable homes delivered target set by DfC.

1,081 Co-Ownership customers received keys to their home. This represents a slight decrease of 3% when compared to last year.

Home completions during 2020-21 were impacted by the COVID-19 closure of the home buying market.

Purchases were recorded across all eleven council areas which demonstrates the continuing demand for affordable home ownership across a diverse range of housing markets in Northern Ireland.

We ended the year with stock of 9,701 properties.

House Prices

During 2020/21, the average Co-Ownership purchase price was £131,175. The average price for new build properties was £143,881 and £124,562 for existing properties.

The average purchase price for a property in Northern Ireland currently stands at £149,178.[1]

[1] NISRA House Price Index, Jan – Mar 2021

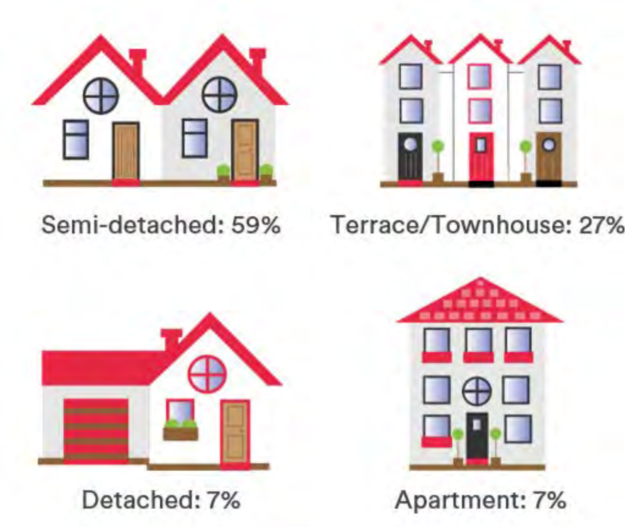
Six out of every ten Co-Ownership properties purchased during 2020/21 registered a purchase price of £140,000 or less (63%). This demonstrates that customers continue to avail of good quality affordable homes across a range of housing markets.

New Build Housing

During 2020/21, 370 of the 1,081 properties purchased were new builds (34%).

Property Type

Semi-detached was the most common property type during 2020/21; more than half of Co-Ownership customers purchased this property type (59%). This was followed by terrace/townhouses (27%), detached (7%) and apartments (7%).



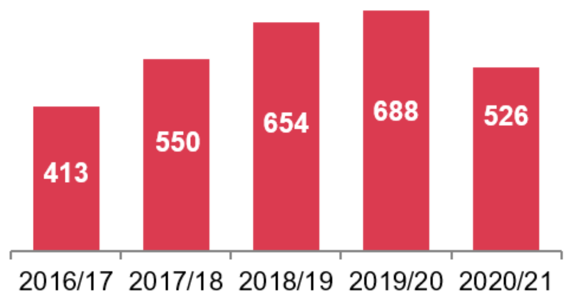
Property Value Limit

Following in-year review, the property value limit for Co-Ownership remained at £165,000.

Buying Out

During 2020/21, 526 customers fully bought out the remaining share in their property. Whilst this represents a reduction when compared to the previous year's total of 688, three months of buying out activity were lost due to the COVID-19 closure of the housing market.

Customers buying out the Co-Ownership share of their home makes a real difference and allows us to reuse that money to help other customers who need Co-Ownership to get started.



Customers buying out in full, 2016/17 – 2020/21

First Time Buyers

During 2020/21, 94% of customers were first time buyers. This figure is up by one percentage point from last year. First time buyers are essential to the housing market in Northern Ireland.

Co-Ownership's product complements the offering from the mainstream market as it provides a route into homeownership for first time buyers who cannot avail of a full mortgage or raise the sufficient deposit amount required.

Returning homeowner demand

Whilst the majority of Co-Ownership customers are first time buyers, they are not exclusively so. It is important to recognise that Co-Ownership is also available to those who wish to re-enter home ownership at a time that is right for them. 6% of Co-Ownership purchasers during 2020/21 had owned a house before.

Deposit

Raising a deposit remains one the main barriers to homeownership for first time buyers in Northern Ireland. During 2020/21 mortgage lenders reduced their product offering due to the impact of COVID-19, particularly for mortgages with higher LTVs and lower deposit requirements.

Co-Ownership provides access to home ownership to those customers who are unable to save for a deposit. During 2020/21, more than half of Co-Ownership customers were able to access home ownership without a deposit (55%).

The deposit amounts saved by Co-Ownership customers are significantly lower in comparison to the amounts raised by first time buyers in Northern Ireland. The median deposit amount for a Co-Ownership customer during 2020/21 was £6,180.

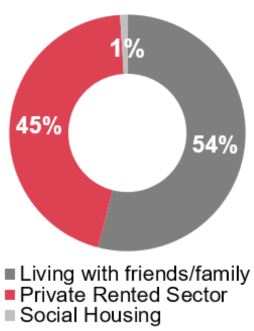
The average deposit amount for first time buyers in Northern Ireland now stands at just under £30,000[2].

Earnings

During 2020/21, the median gross annual earnings for a Co-Ownership customer was £22,750 [3].This represents a slight increase of 2% from last year.

Previous Tenure

Of those Co-Ownership customers who received keys to their home during 2020/21, almost half came from the private rented sector (45%). The remainder comprised of customers who had previously been living with friends/family (54%) whilst a small number had been in social housing (1%) [4].



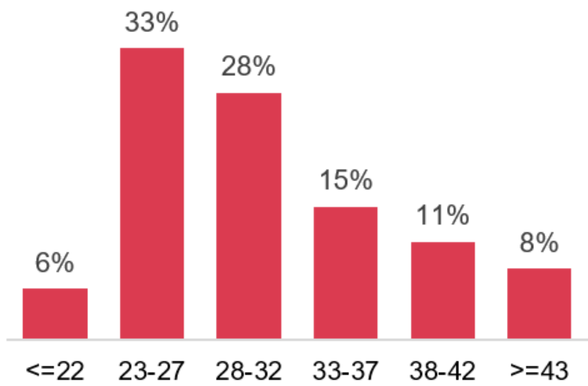
Previous tenure of head of household, 2020/21

Age

The average age of a Co-Ownership customer during 2020/21 was 31 [5] which is just slightly lower than last year (32).

The most common age groups of Co-Ownership customers also remain unchanged; those aged 23 to 27 and 28 to 32 were found to be most likely to purchase their home with Co-Ownership [6].

However, 23 to 27 has now replaced 28 to 32 as the age band where Co-Ownership purchasers are most commonly found.



Co-Ownership purchases by age band, 2020/21

[2] Halifax First-Time Buyer Review, 12 months to December 2020
[3] Head of household
[4] Head of household

[5[Head of household
[6] Percentage figures rounded to nearest whole number.

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 2021

Northern Ireland Co-Ownership Housing Association Limited

Annual report and financial statements for the year ended 31 March 2021

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Board of management

Sid McDowell (Chair)
Jack Hood
Alyson Kilpatrick (Vice Chair)
Philip Price
David Little
Alastair Coulson
Gillian Greer
Damian McElholm
Samuel Dickey
Laura Jackson (resigned on 25th June 2020)
Norman McKeown
Derek Wilson
Jordan Buchanan (appointed on 25th June 2020)
Alan Ledlie (appointed on 25thJune 2020)
Nicola McCrudden (co-opted 27th August 2020)

Chief executive

Mark Graham

Company secretary

Gillian Hughes

Registered office

Moneda House
25-27 Wellington Place
Belfast
BT1 6GD

Bankers

Bank of Ireland Limited
1 Donegall Square South
Belfast
BT1 5LR

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 2021

The Board of Management presents its annual report and the audited financial statements for the year ended 31 March 2021 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 remains unchanged. It 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 Purpose: To enable people to become homeowners.

Our Vision: To lead the way on affordable home ownership.

Our Values: Putting customers first, working together, doing the right thing, and evolving and improving.

Gender Analysis:
11 members of the Board of Management are male and 3 are female. The Group has 60 employees of which 37 are female and 23 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 generally ensure adequate protection against unforeseen circumstances.

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

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

Review of business and future developments

During the year the housing property portfolio increased from £425m to £451m with 1,081 (2020: 1,118) properties added to rent. Staircasing activity resulted in 540 property sales transactions (2020: 724). There were also 75 part purchases compared to 92 in 2020. The level of repossession sales was 14 this year (2020: 36). At 31 March 2021 Co-Ownership had interests in 9,701 homes (2020: 9,160).

The Department for Communities (DfC) allocated Co-Ownership £10m of Housing Association Grant and provided Financial Transaction Capital of £39m by way of long term loans during the year, which together with Co-Ownership's own resources funded the investment in homes. Co-Ownership was able to repay £14m 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 £13m in the next financial year. The underlying need for affordable homes in Northern Ireland remains strong.

Strategic report of the Board of Management for the year ended 31 March 2021 (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 8 houses at a total cost of £1.2m making 64 purchases to date. There were 18 property sales in the year, of which 10 were to tenants. At the 31 March 2021 there were 28 houses held in stock and £9.1m held on deposit for reinvestment.

Results

The surplus for the year amounted to £9.2m (2020: surplus £7.2m). The increase in surplus is primarily due to an increase in the surplus on the sale of housing properties to £2.5m (2020: £1.2m) as detailed in note 9, and an increase in rent to £13.1m (2020: £12.7m).

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

COVID 19

Following the outbreak of the Covid 19 virus both the Northern Ireland and UK governments imposed restrictions on people's movements in order to reduce the spread of the virus. The impact of these restrictions resulted in a closure of the housing market for the first three months of the year. This significantly reduced Co-ownership's volumes of home purchases and sales during that period.

Since the housing market opened towards the end of June, Co-Ownership received high levels of applications due to pent-up demand and a greater need for shared ownership homes. The increased demand was in part driven by a tightening of mortgage lender criteria.

Throughout the Covid 19 pandemic, Co-Ownership has maintained customer service, control over its operations and employee safety by facilitating working from home. The Board of Management continued to meet using online technology, which enabled it to maintain oversight and governance of the organisation. In particular, the Board monitored the impact of outbreak on its employees, its customers, its supply chain and its financial forecasts.

With the government restrictions now easing, the Board of Management are satisfied with the performance of Co-Ownership's operations during the pandemic and are considering the lessons learned for the future.

During the year the Department for Communities provided Co-Ownership with a further £13 million loan funding to provide assistance to those struggling to raise a deposit to purchase their own home. This was to provide a boost to the housing market and give confidence to consumers, builders and the wider housing supply chain which should in turn stimulate the economy.

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.

Strategic report of the Board of Management for the year ended 31 March 2021 (continued)

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.

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 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 £68m (2020: £39.8m), net current assets of £59.2m and total net assets in excess of £102.8m. In addition it has undrawn financing facilities of £22m (£65m minus £43m drawn down). The increase in cash and deposit balances is primarily due to the receipt of loan funding upfront as compared to grant funding in arrears. The Board is of the view that the Group will have sufficient finance to fund its ongoing activities for a period of at least 12 months whereby it continues to be appropriate to adopt the going concern basis in the preparation of the annual financial statements.

Events after the Balance Sheet date

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

Strategic report of the Board of Management for the year ended 31 March 2021 (continued)

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 1,081 people take the step towards owning their own home.
- Co-Ownership contributed to a total spend of £142m in the Northern Ireland housing market by purchasing 1,081 properties, including 370 new build properties.
- Enabled 526 people to fully purchase outright their own home and 75 people to purchase further equity in their home.
- Maintaining a high standard of customer service and operational effectiveness during the Covid pandemic.

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.

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 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.

Strategic report of the Board of Management for the year ended 31 March 2021 (continued)

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.

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
Date 24th June 2021

Report of the Board of Management for the year ended 31 March 2021

The Board of Management presents its annual report and the audited financial statements for the year ended 31 March 2021 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 2021 and expected performance in the year ended 31 March 2022

The sections on performance in the year ended 31 March 2021 and expected performance in the year ended 31 March 2022 are included in the strategic report.

Regulation

Co-Ownership's principal regulator is the Department for Communities (DfC). The latest published regulatory judgement related to the year 2019/20 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 totalling £22,000 (2020: £17,000) were made by Co-Ownership Housing during the year.

No donations for political purposes were made during the year (2020: £Nil).

Energy and carbon reporting

In line with the 'Companies (Directors' Report) and Limited Liability Partnerships (Energy and Carbon Report) Regulations 2018' and related accompanying government guidance 'Environmental Reporting Guidelines: Including Streamlined Energy and Carbon Reporting requirements: March 2019', the Company presents details of its carbon and energy us

UK Greenhouse gas emissions and energy use data	**2021**	2020
Energy consumption used to calculate emissions (kWh)	**90,783**	101,763
Scope 2 emissions in metric tonnes CO2e		
Purchased electricity	**21**	24
Total gross emissions in metric tonnes CO2e	**21**	24
Intensity ratio Tonnes CO2e / £m revenue	**0.52**	0.48

Report of the Board of Management for the year ended 31 March 2021 (continued)

Energy and carbon reporting (continued)

Methodology

To determine emissions for the year ended 31 March 2021, the company used a methodology compliant with the Greenhouse Gas ('GHG') Protocol and incorporated the 2020 UK Government GHG conversion factors for green-house gas reporting.

Electricity consumption was based on actual data, obtained from supplier invoices, meter readings and online supplier portal data. The collected consumption data is then converted into greenhouse gas emissions associated with each activity using annually updated emission factors from the UK Government.

Energy efficiency measures

A sample of energy efficiency actions undertaken by the Group during the financial year is outlined below:

- 'Switch-off' campaigns
- Installing PIR sensors on all lights
- Changing the electricity supplier and opting for a green energy tariff
- Communicating to staff practical ways to lower the carbon footprint.

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

G Hughes
Company Secretary
24 June 2021

Independent auditors' report to the members of 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 financial statements and the 'Co-Ownership's' financial statements (the "financial statements"):

- give a true and fair view of the state of the group's and of the Co-Ownership's affairs as at 31 March 2021 and of the group's and Co-Ownership's surplus and of 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); and
- have been prepared in accordance with the Co-operative and Community Benefits Societies Act (Northern Ireland) 1969, the Charities Act (Northern Ireland) 2008, the Housing (Northern Ireland) Order 1992, the Charities (Accounts and Reports) Regulation (Northern Ireland) 2015 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 2021; the consolidated and Co-Ownership statements of comprehensive income, the consolidated and Co-Ownership statements of changes in reserves, and 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 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

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

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

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

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

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

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 members are 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

Responsibilities for the financial statements and the audit

Responsibilities of the Board of management for the financial statements

As explained more fully in the Statement of the Board of Management's responsibilities, the Board of management 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 of management 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 of management is responsible for assessing the group's and the Co-Ownership'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 of management either intends to liquidate the group or the Co-Ownership's 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the group and industry, we identified the principal risks of non-compliance with laws and regulations related to data protection and employment legislation, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the financial statements. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to increase surplus, inappropriate recognition of rental income and management bias in determining accounting estimates. Audit procedures performed by the engagement team included:

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

Responsibilities for the financial statements and the audit (continued)

Auditors' responsibilities for the audit of the financial statements (continued)

- Discussions with management, internal audit and the Audit Committee including consideration of known or suspected instances of non-compliance with laws and regulation and fraud;
- Evaluating and, where appropriate, challenging assumptions and judgements made by management in determining significant estimates, in particular to impairment of housing properties; and
- Identifying and testing unusual journal entries, in particular journal entries posted with an unusual account combination.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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

Use of this report

This report, including the opinion, has been prepared for and only for the Co-Ownership 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 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 this opinion, 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.

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 Co-Ownership; or
- the Co-Ownership's financial statements are not in agreement with the accounting records.

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)

Other required reporting (continued)

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 in respect of the Co-Ownership;
- the Co-Ownership's financial statements are not in agreement with the accounting records;
- we have not received all the information and explanations we require for our audit; or
- information contained in the financial statements is inconsistent in any material respect with the report of the Board of Management for the year ended 31 March 2021

We have no exceptions to report arising from this responsibility.

Cowie

Martin Cowie (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Belfast
24 June 2021

Consolidated statement of comprehensive income for the year ended 31 March 2021

	Note	2021 £	2020 £
Turnover	5	**41,009,612**	48,948,903
Cost of sales	5	**(25,943,629)**	(34,735,119)
Operating costs	5	**(5,209,659)**	(5,100,399)
Release of impairment of housing properties	14	**400,000**	-
Operating surplus	6	**10,256,324**	9,113,385
Gain/(loss) on disposal of housing properties	9	**35,268**	(319,180)
Interest receivable and similar income	10	**39,262**	174,183
Interest payable and similar charges	11	**(983,604)**	(1,188,216)
Other finance expenses	12	**(121,000)**	(592,000)
Surplus before tax		**9,226,250**	7,188,172
Taxation	13	**(24,598)**	(23,079)
Surplus for the financial year		**9,201,652**	7,165,093
Actuarial deficit recognised in pension scheme	24	**(2,414,000)**	(905,000)
Total comprehensive income for the financial year		**6,787,652**	6,260,093

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

Consolidated statement of changes in reserves for the year ended 31 March 2021

	2021 £	2020 £
Surplus for the financial year	**9,201,652**	7,165,093
Actuarial deficit recognised in pension scheme (note 24)	**(2,414,000)**	(905,000)
New share capital issued	**2**	-
Net movement in capital and reserves	**6,787,654**	6,260,093
Opening total capital and reserves	**96,024,801**	89,764,708
Closing total capital and reserves	**102,812,455**	96,024,801

Co-Ownership statement of comprehensive income for the year ended 31 March 2021

	Note	2021	2020
		£	£
Turnover	5	**38,056,016**	46,274,067
Cost of sales	5	**(23,228,707)**	(32,295,569)
Operating costs	5	**(5,117,741)**	(4,969,680)
Release of impairment of housing properties	14	**400,000**	-
Operating surplus	6	**10,109,568**	9,008,818
Gain/(loss) on disposal of housing properties	9	**35,268**	(319,180)
Interest receivable and similar income	10	**38,571**	156,099
Interest payable and similar charges	11	**(983,604)**	(1,186,969)
Other finance expenses	12	**(121,000)**	(592,000)
Surplus for the financial year		**9,078,803**	7,066,768
Actuarial deficit recognised in pension scheme	24	**(2,414,000)**	(905,000)
Total comprehensive income for the financial year		**6,664,803**	6,161,768

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

Co-Ownership statement of changes in reserves for the year ended 31 March 2021

	2021	2020
	£	£
Surplus for the financial year	**9,078,803**	7,066,768
Actuarial deficit recognised in pension scheme (note 24)	**(2,414,000)**	(905,000)
New share capital issued	**2**	-
Net movement in capital and reserves	**6,664,805**	6,161,768
Opening total capital and reserves	**95,835,561**	89,673,793
Closing total capital and reserves	**102,500,366**	95,835,561

Consolidated statement of financial position as at 31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Housing properties	14	**454,939,431**	429,558,179
Other tangible assets	17	**258,899**	248,186
		455,198,330	429,806,365
Current assets			
Stock	18	**3,340,795**	1,028,673
Debtors	19	**403,975**	14,383,983
Investments	20	**15,012,318**	18,511,231
Cash at bank and in hand		**53,034,427**	21,321,550
		71,791,515	55,245,437
Creditors: amounts falling due within one year	21	**(12,619,513)**	(23,977,541)
Net current assets		**59,172,002**	31,267,896
Total assets less current liabilities		**514,370,332**	461,074,261
Creditors: amounts falling due after more than one year	22	**(403,190,877)**	(359,578,460)
Net assets excluding pension deficit		**111,179,455**	101,495,801
Pension deficit	24	**(8,367,000)**	(5,471,000)
Net assets including pension deficit		**102,812,455**	96,024,801
Capital and reserves			
Called up share capital	25	**58**	56
Reserves	26,27	**102,812,397**	96,024,745
Total capital and reserves		**102,812,455**	96,024,801

The financial statements on pages 13 to 38 were approved by the Board of Management on 24th June 2021 and were signed on its behalf by:

A. Kilpatrick

Alyson Kilpatrick – **Vice Chair**

Mark Graham – **Chief Executive**

Norman McKeown

Norman McKeown – **Board Member**

Registered number: IP 200
Charity Registration Number: NIC101435

Co-Ownership statement of financial position as at 31 March 2021

	Note	2021 £	2020 £
Fixed assets			
Housing properties	14	**450,728,337**	423,879,384
Other tangible assets	17	**258,899**	248,186
Investments	16	**300,001**	300,001
		451,287,237	424,427,571
Current assets			
Stock	18	**3,340,795**	1,028,673
Debtors	19	**376,445**	14,352,587
Investments	20	**15,012,318**	18,511,231
Cash at bank and in hand		**43,949,081**	13,782,370
		62,678,639	47,674,861
Creditors: amounts falling due within one year	21	**(12,407,633)**	(23,717,411)
Net current assets		**50,271,006**	23,957,450
Total assets less current liabilities		**501,558,243**	448,385,021
Creditors: amounts falling due after more than one year	22	**(390,690,877)**	(347,078,460)
Net assets excluding pension deficit		**110,867,366**	101,306,561
Pension deficit	24	**(8,367,000)**	(5,471,000)
Net assets including pension deficit		**102,500,366**	95,835,561
Capital and reserves			
Called up share capital	25	**58**	56
Revenue reserves	26, 27	**102,500,308**	95,835,505
Total capital and reserves		**102,500,366**	95,835,561

The financial statements on pages 13 to 38 were approved by the Board of Management on 24th June 2021 and were signed on its behalf by:

Alyson Kilpatrick – **Vice Chair**

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 2021

	Notes	2021	2020
		£	£
Net cash inflow from operating activities	29	**8,649,122**	8,429,051
Tax paid		**(24,599)**	(23,079)
		8,624,523	8,405,972
Returns on investments and servicing of finance			
Purchase of properties		**(57,461,653)**	(59,454,367)
Housing Association Grant received for purchase of properties		**23,938,894**	34,553,588
Sale of properties		**32,233,928**	40,603,742
Housing Association Grant repaid on sale of properties		**(15,976,979)**	(20,943,440)
Purchase of other tangible fixed assets		**(200,410)**	(88,629)
Interest received		**39,262**	175,430
Net cash used in investing activities		**(17,426,958)**	(5,153,676)
Cash flows used in financing activities			
New term loans		**39,250,000**	-
Repayment of Loans		**(1,250,000)**	-
Interest paid		**(983,604)**	(1,186,969)
Issue of share capital		**2**	-
Net cash used in financing activities		**37,016,398**	(1,186,969)
Net increase in cash and cash equivalents		**28,213,964**	2,065,327
Cash and cash equivalents at the beginning of the year		**39,832,781**	37,767,454
Cash and cash equivalents at the end of the year	30,31	**68,046,745**	39,832,781

Notes to the financial statements for the year ended 31 March 2021

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

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 2021. 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 2021

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 comprehensive income 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 valuations every three years, using a projected unit method.

Stock

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase. At each reporting date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in profit or loss.

Notes to the financial statements for the year ended 31 March 2021

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 2021

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 comprehensive income, 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 comprehensive income.

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.

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 2021

3 Summary of significant accounting policies (continued)

Financial instruments (continued)

i) Financial assets (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 comprehensive income.

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 comprehensive income.

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.

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. If the occupier fails to make its mortgage payments to the lender, the property could be 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 and the level of impairment on housing properties 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.

A provision for the impairment on housing assets has been made for the estimated amount of investment that is considered to be unrealisable. The level of impairment provision at the year end is set out in note 14

Notes to the financial statements for the year ended 31 March 2021

5 Lettings and other related

	Group		Co-Ownership	
	2021	2020	2021	2020
Turnover	£	£	£	£
Rents (see below)	**13,133,094**	12,785,858	**12,935,948**	12,557,883
First Tranche Sales (note 9)	**27,876,518**	36,163,045	**25,120,068**	33,716,184
	41,009,612	48,948,903	**38,056,016**	46,274,067
Cost of sales				
Rents	**(96,901)**	(97,606)	**(96,901)**	(97,606)
First Tranche Sales (note 9)	**(25,846,728)**	(34,637,513)	**(23,131,806)**	(32,197,963)
	(25,943,629)	(34,735,119)	**(23,228,707)**	(32,295,569)
Operating costs				
Valuation fees	**(314,362)**	(230,920)	**(314,362)**	(228,984)
Management	**(4,491,191)**	(4,762,250)	**(4,399,273)**	(4,633,467)
Non cash pension costs	**(361,000)**	(87,000)	**(361,000)**	(87,000)
	(5,166,553)	(5,080,170)	**(5,074,635)**	(4,949,451)
Bad Debt Written off	**(43,106)**	(20,229)	**(43,106)**	(20,229)
Release of impairment of housing properties (note 14)	**400,000**	-	**400,000**	-
Operating surplus	**10,256,324**	9,113,385	**10,109,568**	9,008,818
Interest				
Loss on disposal of housing properties (note 9)	**35,268**	(319,180)	**35,268**	(319,180)
Interest receivable and similar income (note 10)	**39,262**	174,183	**38,571**	156,099
Interest payable and similar charges (note 11)	**(983,604)**	(1,188,216)	**(983,604)**	(1,186,969)
Other finance expenses (note 12)	**(121,000)**	(592,000)	**(121,000)**	(592,000)
Surplus before taxation for the year	**9,226,250**	7,188,172	**9,078,803**	7,066,768

	Group		Co-Ownership	
Turnover from lettings	2021	2020	2021	2020
	£	£	£	£
Rents	**12,886,511**	12,621,350	**12,689,365**	12,393,375
Processing fees	**246,583**	164,508	**246,583**	164,508
	13,133,094	12,785,858	**12,935,948**	12,557,883

Analysis of operating costs for the year ended 31 March 2021

5 Analysis of operating costs

	Group		Co-Ownership	
	2021	2020	**2021**	2020
Co-Ownership	**£**	£	**£**	£
Personnel				
Salaries (excluding pensions)	**2,686,577**	2,512,974	**2,669,729**	2,554,640
Pension contributions	**420,745**	401,028	**420,745**	401,028
Other staff costs	**89,124**	172,524	**89,124**	92,007
	3,196,446	3,086,256	**3,179,598**	3,047,675
Non cash pension costs	**361,000**	87,000	**361,000**	87,000
	3,557,446	3,173,526	**3,540,598**	3,134,675
Establishment				
Property costs	**422,706**	398,023	**363,131**	341,493
Telephone	**27,462**	15,377	**27,462**	15,377
Write off of fixed assets	**-**	269,596	**-**	269,596
Depreciation	**189,096**	246,702	**189,096**	246,702
	639,264	929,698	**579,689**	873,168
Administration				
Administration overheads	**94,120**	81,662	**94,120**	81,662
Computer costs	**219,240**	157,382	**219,240**	157,382
Professional fees	**92,742**	101,185	**78,529**	75,767
Project costs	**14,774**	83,647	**14,774**	83,647
General expenses	**91,830**	129,474	**90,548**	129,032
Repairs	**5,280**	4,250	**5,280**	4,250
Marketing	**76,286**	141,429	**76,286**	133,888
Credit Agency	**61,209**	46,996	**61,209**	46,996
	655,481	746,025	**639,986**	712,624
Total management expenses	**4,52,191**	4,849,249	**4,760,273**	4,720,467
Valuation fees	**314,362**	230,921	**314,362**	228,984
Bad Debt expense	**43,106**	20,229	**43,106**	20,229
Total operating costs	**5,209,659**	5,100,399	**5,117,741**	4,969,680

Notes to the financial statements for the year ended 31 March 2021

6 Operating surplus

	Group		Co-Ownership	
	2021	2020	**2021**	2020
	£	£	**£**	£
Operating surplus is stated after charging:				
Staff costs, excluding pension (note 7)	**2,686,577**	2,593,491	**2,669,729**	2,544,640
Pension (note 7) – contributions	**420,745**	401,028	**420,745**	401,028
– other pension costs	**361,000**	87,000	**361,000**	87,000
Depreciation of tangible fixed assets				
– owned assets (note 16)	**189,696**	246,702	**189,696**	246,702
– write off of fixed assets	**-**	269,596	**-**	269,596
Operating lease rentals	**229,637**	174,366	**229,637**	174,366
Fees payable to the group's auditor for the audit of the financial statements	**23,050**	21,700	**20,700**	19,350
Fees payable to the group's auditor for non-audit services	**1,750**	1,750	**-**	-

7 Employee information

	Group		Co-Ownership Housing	
	2021	2020	**2021**	2020
	£	£	**£**	£
Staff costs				
Wages and salaries	**2,448,790**	2,383,113	**2,431,942**	2,344,262
Social security costs	**237,787**	210,378	**237,787**	210,378
	2,686,577	2,593,491	**2,669,729**	2,554,640
Pension contributions	**420,745**	401,028	**420,745**	401,028
	3,107,322	2,994,519	**3,090,474**	2,955,668
Other pension costs	**361,000**	87,000	**361,000**	87,000
	3,468,322	3,081,519	**3,451,474**	3,042,668

	2021 Number	2020 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	3
- Permanent	60	60
Administration and finance	63	63

Notes to the financial statements for the year ended 31 March 2021

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	
	2021	2020	**2021**	2020
	£	£	**£**	£
Aggregate emoluments	**342,910**	329,368	**342,910**	329,368
Pension contributions to money purchase schemes	**61,299**	60,172	**61,299**	60,172
	404,209	389,540	**404,209**	389,540

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	
	2021	2020	**2021**	2020
	£	£	**£**	£
Aggregate emoluments	**112,701**	107,087	**112,701**	107,087
Pension contributions	**20,237**	19,637	**20,237**	19,637
	132,938	126,724	**132,938**	126,724

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

	2021 Number	2020 Number
More than £70,000 but not more than £75,000	**1**	1
More than £75,000 but not more than £80,000	**2**	2
More than £100,000 but not more than £105,000	-	-
More than £105,000 but not more than £110,000	-	1
More than £110,000 but not more than £115,000	**1**	-

Notes to the financial statements for the year ended 31 March 2021

9 Surplus on sale of housing properties

	Group		Co-Ownership	
	2021	2020	**2021**	2020
	£	£	**£**	£
Sales - first tranche sales	**27,876,518**	36,163,045	**25,120,068**	33,716,184
Cost of sales - first tranche sales	**(25,846,728)**	(34,637,513)	**(23,131,806)**	(32,197,963)
	2,029,790	1,525,532	**1,988,262**	1,518,221
Gain/(loss) on disposal of housing properties – second tranche and after	**35,268**	(319,180)	**35,268**	(319,180)
Release of provision for impairment of housing properties (note 13)	**400,000**	-	**400,000**	-
	2,465,058	1,206,352	**2,423,530**	1,199,041

Comprising:

	£	£	**£**	£
Repossession of properties	**(617,110)**	(1,535,218)	**(617,110)**	(1,535,218)
Surplus on Disposal	**2,682,168**	2,741,570	**2,640,640**	2,734,259
Release of impairment of housing properties	**400,000**	-	**400,000**	-
	2.465,058	1,206,352	**2,423,530**	1,199,041

As at 31 March 2021, there were 15 (2019: 26) properties remaining in repossession status.

10 Interest receivable and similar income

	Group		Co-Ownership	
	2021	2020	**2021**	2020
	£	£	**£**	£
Interest receivable	**39,262**	174,183	**38,571**	156,099

11 Interest payable and similar charges

	Group		Co-Ownership	
	2021	2020	**2021**	2020
Group	**£**	£	**£**	£
Interest payable	**983,604**	1,188,216	**983,604**	1,186,969

12 Other finance expenses

	2021	2020
Group and Co-Ownership	**£**	£
Interest on pension scheme	**121,000**	592,000
	121,000	592,000

Notes to the financial statements for the year ended 31 March 2021

13 Taxation

	Group		Co-Ownership	
	2021	2020	**2021**	2020
	£	£	**£**	£
UK corporation tax charge on profit for the year	**24,598**	23,079	-	-
Total current tax	**24,598**	23,079	-	-

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 2020	987,113,622	551,432,129	435,681,493
Transfers of completed schemes and additions in the year	143,713,603	87,716,240	55,997,363
Disposals	(58,439,549)	(29,297,248)	(29,142,301)
Transferred to stock	(9,100,758)	(5,759,963)	(3,340,795)
At 31 March 2021	**1,063,286,918**	**604,091,158**	**459,195,760**
Accumulated Impairment			
At 1 April 2020			(7,000,000)
Released in the year			400,000
At 31 March 2021			**(6,600,000)**
Uncompleted schemes and additions			
Balance at 1 April 2020			876,686
Additions			57,464,348
Transfers			(55,997,363)
At 31 March 2021			**2,343,671**
At 31 March 2021			**454,939,431**
At 31 March 2020			429,558,179

Notes to the financial statements for the year ended 31 March 2021

14 Housing properties

Co-Ownership	Cost £	Participants' net Investment £	Co-Ownership Investment £
At 1 April 2020	981,434,827	551,432,129	430,002,698
Transfers of completed schemes and additions in the year less decrease in accrual	142,495,288	87,716,240	54,779,048
Disposals	(55,753,533)	(29,297,248)	(26,456,285)
Transferred to stock	(9,100,758)	(5,759,963)	(3,340,795)
At 31 March 2021	**1,059,075,824**	**604,091,158**	**454,984,666**
Accumulated Impairment			
At 1 April 2020			(7,000,000)
Released in the year			400,000
At 31 March 2021			**(6,600,000)**
Uncompleted schemes and additions			
Balance at 1 April 2020			876,686
Additions			56,246,033
Transfers			(54,779,048)
As at 31 March 2021			**2,343,671**
At 31 March 2021			**450,728,337**
At 31 March 2020			423,879,384

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 £28,749,085 of which £10,693,521 represents Co-Ownership's investment (2020: £17,204,440 and £6,861,539 respectively). In addition negotiations are in progress for the purchase of existing property at a total cost of £38,515,700 of which £15,010,885 represents Co-Ownership's investment (2020: £20,695,445 and £8,451,584 respectively).

15 Housing Association Grant

Group and Co-Ownership	2021 £	2020 £
At 1 April	**205,328,460**	188,080,090
Receivable in the year	**20,939,625**	37,672,317
Repayable - on disposal	**(14,077,208)**	(20,423,947)
At 31 March (note 22)	**212,190,877**	205,328,460

Notes to the financial statements for the year ended 31 March 2021

16 Investments - Co-Ownership

	2021	2020
	Subsidiary Undertaking £	Subsidiary Undertaking £
Cost and net book value	**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 2020	-	679,335	679,335
Additions	157,187	43,222	200,409
Disposals	-	(26,651)	(26,651)
At 31 March 2021	**157,187**	**695,906**	**853,093**
Accumulated depreciation			
At 1 April 2020	-	431,149	431,149
Charge for the year	15,719	173,977	189,696
Disposals	-	(26,651)	(26,651)
At 31 March 2021	**15,719**	**578,475**	**594,194**
Net book amount			
At 31 March 2021	**141,468**	**117,431**	**258,899**
At 31 March 2020	-	248,186	248,186

18 Stock

Group and Co-Ownership	**2021 £**	2020 £
Stock	**3,340,795**	1,028,673

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 2021

19 Debtors

Amounts falling due within one year	Group		Co-Ownership	
	2021	2020	**2021**	2020
	£	£	**£**	£
Rent debtors	**489,072**	430,843	**464,419**	408,158
Less: bad debts provision	**(314,359)**	(251,267)	**(314,359)**	(251,267)
	174,713	179,576	**150,060**	156,891
HAG receivable - completed properties	**103,310**	3,102,578	**103,310**	3,102,578
- firm offers	**-**	10,957,749	**-**	10,957,749
Prepayments and accrued income	**125,952**	144,080	**123,075**	135,369
	403,975	14,383,983	**376,445**	14,352,587

20 Investments

	2021	2020
Group and Co-Ownership	**£**	£
Short term deposits	**15,012,318**	18,511,231

21 Creditors: amounts falling due within one year

	Group		Co-Ownership	
	2021	2020	**2021**	2020
	£	£	**£**	£
HAG repayable - on disposal	**8,509,870**	10,409,641	**8,509,870**	10,409,641
- firm offers	**-**	10,957,749	**-**	10,957,749
Participants' deposits	**190,658**	338,229	**13,699**	128,078
Other creditors	**822,375**	638,648	**822,375**	638,648
DfC Loans (Note 23)	**2,500,000**	1,250,000	**2,500,000**	1,250,000
Corporation Tax	**24,599**	23,079	**-**	-
Accruals and deferred income	**572,011**	360,195	**561,689**	333,295
	12,619,513	23,977,541	**12,407,633**	23,717,411

Notes to the financial statements for the year ended 31 March 2021

22 Creditors: amounts falling due after more than one year

	Group		Co-Ownership	
	2021	2020	**2021**	2020
	£	£	**£**	£
Bank loan (note 23)	**43,000,000**	43,000,000	**43,000,000**	43,000,000
DfC loans (note 23)	**148,000,000**	111,250,000	**135,500,000**	98,750,000
Housing Association Grant (note 15)	**212,190,877**	205,328,460	**212,190,877**	205,328,460
	403,190,877	359,578,460	**390,690,877**	347,078,460

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	
	2021	2020	**2021**	2020
	£	£	**£**	£
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 2021 the cumulative draw down against the facility was £43m (2020: £43m).

	Group		Co-Ownership	
	2021	2020	**2021**	2020
	£	£	**£**	£
Department for Communities loans	**150,500,000**	112,500,000	**138,000,000**	100,000,000
Maturity of financial liabilities:				
Due within one year	**2,500,000**	1,250,000	**2,500,000**	1,250,000
In more than one year, but not more than five years	**21,203,125**	6,250,000	**21,203,125**	6,250,000
Greater than five years	**126,796,875**	105,000,000	**114,296,875**	92,500,000
	150,500,000	112,500,000	**138,000,000**	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 2021

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 2021 by a qualified actuary for the purpose of the disclosures below.

The major assumptions used by the actuary were:

Group and Co-Ownership	2021	2020	2019
Rate of increase in salaries	**4.20%**	3.40%	3.70%
Rate of increase in pensions in payment	**2.70%**	1.90%	2.20%
Discount rate	**2.10%**	2.30%	2.40%
Inflation assumption	**2.70%**	1.90%	2.20%

The mortality assumptions used were as follows:

Group and Co-Ownership	2021 Years	2020 Years	2019 Years
Longevity at age 65 for current pensioners:			
- Men	**21.9**	21.8	22.6
- Women	**25.1**	25.0	24.9
Longevity at age 45 for future pensioners:			
- Men	**23.3**	23.2	24.3
- Women	**26.5**	26.4	26.7

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

Group and Co-Ownership	Value at 31 March 2021 £'000	Value at 31 March 2020 £'000
Equities	**9,318**	6,970
Property	**1,791**	1,636
Bonds	**7,185**	6,332
Cash	**1,067**	769
Other	**765**	654
Total market value of assets	**20,126**	16,361
Present value of scheme liabilities	**(28,493)**	(21,832)
Net pension deficit	**(8,367)**	(5,471)

Notes to the financial statements for the year ended 31 March 2021

24 Pension commitments (continued)

Reconciliation of present value of scheme liabilities

Group and Co-Ownership	2021 £'000	2020 £'000
At 1 April	21,832	16,194
Current service cost	783	818
Interest cost	499	385
Member contributions	152	139
Actuarial losses	5,642	4,481
Past service cost	-	238
Curtailment cost	16	-
Benefits paid	(431)	(423)
At 31 March	28,493	21,832

Reconciliation of fair value of scheme assets

Group and Co-Ownership	2021 £'000	2020 £'000
At 1 April	16,361	12,307
Interest income on assets	378	298
Member contributions	152	139
Employer contributions	438	464
Actuarial gains	3,228	3,576
Benefits paid	(431)	(423)
At 31 March	20,126	16,361

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

Group and Co-Ownership	2021 £'000	2020 £'000
Current service cost	783	751
Curtailment cost	16	-
Interest on net defined benefit liabilities	121	121
Total cost	920	872

Amounts for current and previous four years:

Group and Co-Ownership	2021 £'000	2020 £'000	2019 £'000	2018 £'000	2017 £'000
Fair value of employer assets	20,126	16,361	12,307	11,310	10,667
Present value of defined benefit obligation	(28,493)	(21,832)	(16,194)	(15,105)	(14,119)
Deficit	(8,367)	(5,471)	(3,887)	(3,795)	(3,452)

Notes to the financial statements for the year ended 31 March 2021

24 Pension commitments (continued)

Total amount recognised in the statement of changes in reserves

	2021	2020	2019	2018	2017
Group and Co-Ownership	**£'000**	£'000	£'000	£'000	£'000
Actuarial (deficit)/surplus	**(2,414)**	(905)	261	(41)	(1,795)

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.

	2021	2020
Group and Co-Ownership	**£**	£
Allotted, issued and fully paid	**58**	56

26 Revenue reserves

	Group		**Co-Ownership**	
	2021	2020	**2021**	2020
Group and Co-Ownership	**£**	£	**£**	£
Opening reserves	**2,644,826**	2,589,481	**2,474,761**	2,498,566
Net transfer from designated reserves (note 27)	**24,022**	55,345	**71,239**	(23,805)
Closing reserves	**2,668,848**	2,644,826	**2,546,000**	2,474,761

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

	2021	2020
Group	**£**	£
At 1 April	**93,379,919**	87,175,171
Surplus for the year	**6,787,652**	6,260,093
Transfer to revenue reserve (note 26)	**(24,022)**	(55,345)
At 31 March	**100,143,549**	93,379,919

	2021	2020
Co-Ownership	**£**	£
At 1 April	**93,360,744**	87,175,171
Surplus for the year	**6,664,803**	6,161,768
Transfer to revenue reserve (note 27)	**(71,239)**	23,805
At 31 March	**99,954,308**	93,360,744

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 2021

28 Financial Instruments

	Group		Co-Ownership	
	2021	2020	**2021**	2020
	£	£	**£**	£
Financial assets that are debt instruments measured at amortised cost				
Rental debtor (note 19)	**174,713**	179,576	**150,060**	156,891
HAG receivable (note 19)	**103,310**	14,060,327	**103,310**	14,060,327
Short term deposits (note 20)	**15,012,318**	18,511,231	**15,012,318**	18,511,231
Cash at bank and in hand	**53,034,427**	21,321,550	**43,949,081**	13,782,370
	68,324,768	54,072,684	**59,214,769**	46,510,819
Financial liabilities measured at amortised cost				
DfC loans (note 21 and 23)	**150,500,000**	112,500,000	**138,000,000**	100,000,000
Bank loans (note 23)	**43,000,000**	43,000,000	**43,000,000**	43,000,000
Participants' deposits (note 21)	**190,658**	338,229	**13,699**	128,078
Accruals (note 21)	**572,011**	360,195	**561,689**	333,295
	194,262,669	156,198,424	**179,575,388**	143,461,373

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

	2021	2020
	£	£
Surplus in the financial year	**9,201,651**	7,165,093
Taxation	**24,599**	23,079
Gain/(loss) on disposal of housing properties – second tranche and after	**(35,268)**	319,180
Interest receivable and similar income	**(39,262)**	(174,183)
Interest payable and similar charges	**983,604**	1,188,216
Other finance expenses	**121,000**	592,000
Operating surplus	**10,256,325**	9,113,385
Surplus on sale of housing properties	**(2,646,901)**	(3,060,750)
Repossession of properties	**617,111**	1,535,217
Release of impairment of housing properties	**(400,000)**	-
Write off of fixed assets	-	269,596
Depreciation	**189,096**	246,702
Movement in debtors	**22,523**	204,346
Movement in creditors	**249,968**	33,555
Difference between pension charges and cash contributions	**361,000**	87,000
Cash inflow from operating activities	**8,649,122**	8,429,051

Notes to the financial statements for the year ended 31 March 2021

30 Analysis of consolidated net funds

	1 April 2020 £	Cashflow £	**31 March 2021 £**
Cash at bank and in hand	21,321,550	31,712,877	**53,034,427**
Short term deposits (note 20)	18,511,231	(3,498,913)	**15,012,318**
Net funds	39,832,781	28,213,964	**68,046,745**

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

	2021 £	2020 £
Decrease in cash in the financial year	**31,712,877**	(1,123,868)
Movement in deposits	**(3,498,913)**	3,189,195
Movement in net funds in the financial year	**28,213,964**	2,065,327
Net funds at beginning of financial year	**39,832,781**	37,767,454
Net funds at end of the financial year	**68,046,745**	39,832,781

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 2021 £	Other 2020 £	**Land and buildings 2021 £**	Land and buildings 2020 £
Within one year	**6,394**	6,394	**223,243**	82,980
Within two to five years	**6,394**	12,787	**892,973**	639,108
After five years	-	-	**892,973**	1,327,770

33 Legislative provisions

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

34 Related party disclosures

Ownco Homes Limited is regarded as a related party as defined by section 33 FRS 102 as it is a wholly owned subsidiary of Northern Ireland Co-ownership Housing Association.

The transactions and balances due from/to these related parties during the financial year were as follows:

	2021 £	2020 £
Amounts owed from related party at 1 April	-	-
Management and administration charge to Ownco Homes	**16,848**	38,851
Receipts from Ownco Homes	**(16,848)**	(38,851)
Amounts owed from related party at 31 March	-	-

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