Building better futures

Financial Statements 2012/13

Genesis

Report and Financial Statements 2013

Contents

The Board, Group Executive team, committees and professional advisers

The Board

Charles Gurassa	Independent Member
Neil Hadden	Chief Executive
David Kleeman	Independent Member – resigned 18 September 2012
Robert Kerse	Executive member – resigned 21 June 2013
Tom McGregor	Executive member – resigned 30 September 2012
Rolande Anderson	Independent Member
David Turner	Independent Member
Genie Turton	Independent Member
Brian Ansell	Resident Board member
Imani Douglas-Walker	Resident Board member
Colette O'Shea	Independent Member
Stephen East	Independent Member

Group Executive team

Neil Hadden	Chief Executive
Allison Sofekun	Director of Corporate Services – resigned 30 September 2012
Tom McGregor	Chief Operating Officer – resigned 30 September 2012
John Carleton	Executive Director of Markets and Portfolio
Robert Kerse	Executive Director of Resources – resigned 21 June 2013
Jackie Bligh	Director of Governance and Compliance
Olu Olanrewaju	Divisional Director West – resigned 30 September 2012
Feargal Ward	Divisional Director East – resigned 30 September 2012
Laurice Ponting	Director of Communities – appointed 10 September 2012
Alastair Clegg	Executive Director Organisational Effectiveness – appointed 3 September 2012
Carol Wood	Director of Strategy, Communications & External Affairs – appointed 20 August 2012; resigned 20 November 2012

Group Committees

Audit and Risk Committee	Chair – David Kleeman – resigned 18 September 2012
	Chair – Stephen East – appointed 29 October 2012
Remuneration Committee	Chair – Rolande Anderson
Genesis Homes	Chair – David Turner
Diversity Committee	Chair – Rolande Anderson
Nominations Committee	Chair – Charles Gurassa

Secretary

Jackie Bligh	Company Secretary

Registered Office
Genesis Housing
Association Limited
Capital House
25 Chapel Street
London
NW1 5DT

Bankers
Barclays Bank plc
Floor 28
1 Churchill Place
London
E14 5HP

Principal Solicitors
Towers & Hamlins
Sceptre Court
40 Tower Hill
London
EC3N 4DX

Auditor
KPMG LLP
Chartered Accountants
and Registered Auditor
Arlington Business Park
Theale
Reading
RG7 4SD

Operating and financial review

The Board presents its report and audited financial statements for Genesis Housing Association Limited (Genesis) and its subsidiaries for the year ended 31 March 2013.

Business objectives

Genesis is a registered provider of social housing and is one of the country's leading social investment businesses with approximately 33,000 (2012:33,000) homes under management in London and the East of England.

The core of Genesis' property holdings is a very high value portfolio in Central and North London, which has increased in value substantially over time to provide a significant equity base for Genesis. At 31 March 2013, Genesis' owned housing stock was valued in a desktop valuation at £5.5billion (2012: £5.4 billion) on a vacant possession basis.

Genesis aims to maximise the social value derived from its portfolio of social housing. Genesis is open to the acquisition and disposal of assets, particularly those which it would be uneconomic to retain and maintain to the Decent Homes Standard. However, it plans to always acquire significantly more new affordable housing units each year than are sold. 114 affordable housing units were sold during the year (2012: 129 units) and 550 new affordable units were brought into management from the development programme (2012: 1,144 units).

Over the last five years Genesis has sought to utilise this equity to maximise the supply of new affordable housing in the high demand areas of London and the East of England. It received substantial public support via the Homes and Communities Agency (HCA) for this work.

Genesis aims to make a small net operating surplus after interest charges from its social housing portfolio and deliver a top quartile quality of service to its customers at an optimal cost. In view of the current economic climate and the coalition Government's expressed aim to reduce the UK budget deficit, improving operating efficiency is one of Genesis' key objectives.

Genesis combines a commercial approach to the business of providing housing with a social ethos. It offers a diverse range of housing options to its customers including:

- The provision of approximately 31,000 affordable homes for people unable to afford to rent or buy in the open market
- Support for vulnerable people through supported housing
- A range of housing products for the intermediate market, including shared ownership and intermediate market rent
- We are regularly developing a number of Market Rent properties as an integral part of all new development schemes. This allows us to offer our residents another access route to housing
- Development of new properties for affordable rent, shared ownership and also outright sale
- Temporary accommodation with more than 3,400 homes under contract to 14 local authorities
- Housing management contracts for local authorities, other housing associations, primary care and NHS trusts, developers and private investors with 2,000 homes under management
- Community development and regeneration for existing properties to improve the quality of life in local neighbourhoods. We do not just demolish and build new homes, we work with communities to address issues of: health; education; opportunities for young people; employment; and safety

Delivering around 2,500 new homes over the next three years, Genesis is an investment partner under the Homes and Communities Agency's National Affordable Housing Programme ("NAHP"). It has also been appointed as the Registered Provider for the Woodberry Down regeneration scheme in Hackney and is committed to the Grahame Park regeneration scheme in Barnet. Grahame Park is the largest Registered Provider led regeneration scheme in the UK. We are also members of the Homes and Communities Delivery Partner Panel (DPP) for London and the South East.

Operating and financial review

Vision, mission and values

Vision: Genesis aims to be a leading property based service provider

Genesis combines its social purpose – helping our customers build better futures – with a commercial approach geared to filling gaps in dysfunctional housing markets and creating value in the properties we own and the places in which we operate.

Our innovative approach means that we offer a wide range of tenures, products and services which are aimed at helping our customers meet their housing aspirations as they evolve and their circumstances change over time.

We recognise the value and importance of strategic alliances, working closely with local authorities and other partners in our key areas of operation – London, Hertfordshire and East Anglia.

Our range of customers and their expectations will become more diverse over time. We aim to be an agile organisation using our customer knowledge to align our products and services and the standards to which we deliver them, so that our customers trust us, want to stay with us and recommend us to others.

Providing more opportunities for customers to self-serve on transactional services will help deliver expectations of 'instant' service delivery.

Our customer base includes many households facing severe challenges, some financial, others because of illness or disability. We will continue to provide a range of support to our most vulnerable customers to enable them to sustain their homes. For other customers we intend to adopt a new approach aimed at helping to shift behaviours and expectations from dependency to independence.

With our charitable foundation Genesis Community we support and indeed act as a social enterprise working with community groups to shape the places in which we have homes – either through development and the management of existing properties or through our regeneration activities and to enhance the sustainability of those communities.

Given the current and likely enduring shortage of public funding for new housing we consider that an increased focus on providing intermediate and market based products, such as shared ownership, shared equity, intermediate rent, market rent and outright sales, is important in meeting today's housing problems as well as potentially providing resources for the development of our more traditional social housing.

We recognise that as an independent modern organisation we should be less reliant on increasingly scarce government funding and more self-sufficient looking to see how we can use the value within our existing portfolio to meet our objectives. In this way Genesis aims to be a leading property-based service provider within the areas in which we operate.

Mission

Our Mission Statement reflects the vision above and the role we want to play: *To provide quality homes and services to enable our customers to build better futures.*

Values

Our values and behaviours describe the way we work and the "contract" between us, our customers, stakeholders and partners. They are:

Customer focus

Putting the customer (internal and external) first – treating our customers with consistency and sensitivity.

- I take personal responsibility and ownership to make things happen
- I am able to adapt to changing circumstances and come up with creative solutions
- I treat customers as individuals who have choices

Respect

Treating people fairly; recognising, understanding and celebrating difference.

- I treat others professionally
- I act ethically and with integrity
- I am open minded and non-judgemental

Operating and financial review

Efficiency

Using our resources (people, money, time) wisely, and challenging waste and duplication, to achieve the best results

- I use time effectively and plan
- I am personally accountable for how I use resources.
- I manage and evaluate my performance, focussing on continuous improvement

Good employer

Everyone working together to make Genesis a great place to work

- I value my colleagues.
- I communicate openly, finding out how teams work to achieve, and celebrate shared goals.
- I proactively get involved to make a positive impact and promote the Genesis brand

Partnership working

Working together to achieve shared goals for our customers, our people and our organisation

- I am open to challenge and prepared to challenge others
- I understand our business and work with others to deliver results
- I focus on solutions and resolving issues, not blaming others

Operating environment

The environment in which Genesis operates continues to be characterised by ongoing turbulence in the housing and financial markets, poor and uncertain performance of the wider UK economy and significant shifts in the public policy that governs its operations. Genesis has focussed over the year on understanding the potential impact of the Government's Welfare Benefit Reforms and developing strategies to minimise the impact on its customers' ability to pay their rents and service charges.

More broadly, Genesis's policies, strategies and governance arrangements have continued to evolve during the year to ensure that key risks are identified and effectively managed and that the business has adequate financial headroom and operational capacity to absorb the impact of those risks.

Review of the year ended 31 March 2013

Financial performance

	2013	2012	2011	2010
Operating margin (%)	24.85	20.52	19.79	18.54
EBITDA MRI (%)	86.3	68.2	105.8	78.6
Interest cover (%)	148.5	132.8	135.4	132.6
Debt per unit (£)	42,078	49,404	47,014	45,159
Gearing*	46.2	50.1	49.3	52.4

**net debt as a percentage of housing property*

Operating and financial review

Genesis' 2012-15 Finance Strategy targets both a growth in margins and a reduction in gearing in order to strengthen Genesis' financial profile to absorb risk in the current challenging operating environment and to deliver increased capacity to invest in new homes and services in the future during a time of constrained public spending. Service transformation and more effective budgetary control has assisted us in delivering a further improvement in key operating and debt service margins. A £125m sale of 401 market units to an M&G pension fund is believed to be one of the first times that pension fund investment has been made into market rent properties at this scale.

The sale is an important component of Genesis' gearing reduction strategy. The 401 units sold have been leased back on a 35 year operating lease in order that Genesis retains management control of the 700 mixed tenure community that it has developed at the Stratford Halo. Genesis expects the operating lease market rent contract to be profitable.

Surpluses on disposal of property have remained strong. The level of surplus grew to £37.6m (2012: £22.5m). Supluses were principally due to the bulk sale of 401 units at the Stratford Halo development in East London (profit £8.2m) and void sales generating a profit of £25.1m.

	2013 No of units	2013 Sales value £m	2013 Cost of sales £m	2013 Surplus/ (deficit) £m	2012 No of units	2012 Surplus/ (deficit) £m
First tranche shared ownership sales	**350**	**33.4**	**(30.5)**	**2.9**	284	2.6
Sales of previously rented properties	**114**	**32.1**	**(7.0)**	**25.1**	129	20.6
Sales to other RPs	**40**	**9.5**	**(10.5)**	**(1.0)**	108	0.7
Staircasing of shared ownership	**94**	**10.2**	**(8.3)**	**1.9**	52	0.3
Right to buy and right to acquire	**1**	**0.2**	**(0.2)**	**-**	4	-
Newly developed private homes*	**451**	**124.2**	**(115.1)**	**9.1**	99	(1.4)
Sale of commercial units	**3**	**0.5**	**(0.9)**	**(0.4)**	2	(0.3)
		210.1	**(172.5)**	**37.6**		22.5

** Includes all units in the Stratford sale and operating lease transaction.*

Property disposals are done under a general consent given by our regulator.

Operating and financial review

Operational performance

The year ended 31 March 2013 has been the first year of the Genesis Way corporate transformation programme, which underpins the 2012-15 Corporate Strategy objective of delivering excellent quality services. The Genesis Way Programme has focussed in its first year on improving customer experience with the repairs and maintenance service, which is the most important service to our customers.

It is expected that there will be significant improvements in both satisfaction with the repairs services and overall satisfaction with Genesis' service as more service improvements are rolled out during the second year of the Genesis Way Programme.

Management action has been focussed on improving arrears in order to enhance cash flow and put Genesis in a stronger position to manage the potential adverse impact of the Government's Welfare Benefit Reforms. Continuous weekly voids monitoring in the teams has seen a consistent focus upon current and provisional voids. The monthly voids meetings has seen the engagement of maintenance teams sharing the common goal of reducing re-let time and improving customer satisfaction. Over a 3 year period we have seen a shift towards improved performance. This is the consequence of a change in culture and behaviours exhibited by the teams/individuals involved in the void and re-let process.

Key operational ratios

Indicator	Target 2012/13	2013	2012	2011
Resident overall satisfaction with Genesis %	70	70.5	70.7	69.4
Resident satisfaction with Repairs Service %	80	75.9	72.5	73.8
Cash collection %	100.5	99.9	100.1	100.7
Current tenant arrears (gross of Housing Benefit) %	5.5	5.7	6.5	6.9
Void loss %	2.0	1.7	2.2	3.0
Void loss (£m)	4.2	3.3	4.1	5.9
Re-let performance times (days)	32	25	29	34

Operating and financial review

Value for money

Genesis is committed to delivering better value for money for its residents and other stakeholders. Its 2012/15 Corporate Strategy, which is underpinned by The Genesis Way Corporate Transformation Programme, sets clear objectives and contains supporting strategies to deliver improvements to the quality of service and cost reduction over the next three years. This is supported by a new value for money strategy. The transformation project encompasses all operational areas and significant resources are being invested to improve the technology and processes which will deliver a final annual operational cost saving of £11m.

During the year we have done a lot of work to evaluate our current cost and quality position and to externally benchmark this where possible. As a part of this exercise we also confirmed the strategic position we are aiming for which is to be a high quality for a median cost

Our service plans and strategy have been developed to allow this to be delivered. A forum has also been established which cuts across all business areas to develop and embed a new value for money culture across the business, to set a framework for identifying and measuring efficiency gains and opportunities to invest in improvements.

The table opposite presents Genesis' value for money performance by service area as at 31 March 2013 compared to its peers. The table shows a matrix of how we have rated our current performance in delivering a balance between cost and quality.

Current position

Cost	Service quality		
	Basic	Medium	High
High	• HR • Leasehold Services • Property Services • Service Charges	• ASB • Contact Centre • ICT • Health & Safety • Income Collection • Tenancy Management	• Development
Medium		• Customer Engagement • Estate Services • Facilities Management • Finance • Commercial	• Contract Management • Key Places • Lettings Service • Temp Housing
Low	• Complaints • Portfolio Management	• Care & Support	

In addition we have a work programme underway to evaluate the investment cost and return of all homes in our ownership. This includes the cost of owning, managing and the social value of any additional services it allows us to deliver, such as care and support in the community. The outomes from this exercise will inform our strategy on social investment going forward.

Operating and financial review

Social value

Genesis and its subsidiaries have undertaken a number of initiatives in the year which support our agenda to develop stronger and more sustainable communitites. These initiatives include:

- Financial inclusion support programme – 2,000 residents given assistance
- Sponsoring resident work skills training – assisted 144 residents back in to work, saving over £1m in public funds
- Digital Inclusion – 1,850 hours of IT training to 205 residents, 21 now with formal accreditation
- Business start up initiatives – including financial assistance and mentoring support. This has launched 4 new businesses this year
- School room reading support programmes – at Stratford
- A volunteering programme to gain work experience – 31 volunteers have gained permanent employment from this
- Graduate Internship Programme for 7 and permanent employment for 8 residents within the Genesis business

We also have a major re-generation programme which is ongoing at Grahame Park in Hendon and which is delivering a visible improvement in the quality of life for the local residents who now have a number of public amenities on their doorstep, including a doctors surgery, new community centre and 246 households now been re-homed in to new houses.

As part of this programme we have established a network of 25 business partners to establish a formal employment and training programme offering a variety of free training opportunities, worth £110,000, to residents and also £338,000 of additional funding.

Our Woodberry Down regeneration scheme, in the Borough of Hackney, has also achieved great success in improving the socio-economic environment of the area. The programme which was a finalist in two categories in recent national awards in Inside Housing, was also named number 14 in the top 100 regeneration schemes. A number of community engagement activities have been supported and in the duration of the re-generation so far reported crime levels have greatly reduced, in some categories by as much as 80%.

Some other programme activity achievements are:

Four steps to starting your own business programme

- 20 businesses or social enterprises to date have been started through the four steps programme
- Two commercial enterprises have won substantial contracts; two social enterprises have gained significant levels of funding and a number of others are expanding their client base through their service delivery. As a result ten people are no longer in receipt of benefit

Volunteering Programme and Work skills training

- To date these programmes have helped 37 residents in employment and given 12 residents relevant accredited qualifications.

	Peer Association median* 2010	Peer Association median* 2011	Peer Association median* 2012	Genesis Actual 2013	Genesis Projection 2014
Operating surplus from social housing lettings (£)	n/a	n/a	n/a	51.8	33.5
Operating surplus from social housing lettings (% turnover)	18.9	20.6	22.8	22.8	17.4
Effective interest rate (%)	5.3	5.1	5.3	4.9	

** Peer Association figures have been sourced from the Tenant Service Authority's Annual Global Accounts*

Genesis operating costs for general needs units

	Actual 2012	Projection 2013	Actual 2013
Operating cost per social housing unit	3,909	4,049	3,741
Maintenance cost per unit	1,927	1,569	1,719
Management cost per unit	1,727	1,449	1,601
Bad debts per unit	62	36	65
Service cost per unit	488	509	628
Overhead as % of income	7.6	8.2	7.7

Operating and financial review

Completed housing properties

By property type	EUV-SH £bn	MV-T £bn	VP £bn
	Analysis of values at 31 March 2013 by location		
General needs housing	1.07	2.68	4.28
Supported housing	0.09	0.22	0.40
Shared ownership housing (LCHO)	0.21	0.23	0.47
Intermediate rent	0.06	0.09	0.12
Keyworker accommodation	0.09	0.09	0.19
Total	**1.52**	**3.31**	**5.46**

EUV-SH Existing use value social housing
MV-T Market value subject to tenancy
VP Vacation possession

By location	Analysis of values at 31 March 2013 by location		
Inner London	1.06	2.27	3.87
Outer London	0.22	0.49	0.77
Outside London	0.24	0.55	0.82
Total	**1.52**	**3.31**	**5.46**

An external desktop stock valuation was performed at the year end. The value of Genesis' properties at 31 March 2013 under a variety of bases significantly exceeds the net book values included in the financial statements.

Completed housing properties includes 479 new homes that were completed during the year for rent (2012: 590), 71 new homes for Low Cost Home Ownership (2012: 402) and no further homes developed for intermediate rent (2012: 152).

Development during the year also included the completion of 145 homes for outright sale (including shared equity) (2012: 115) and 3 commercial units (2012: 11). The cost of new homes completed was £157.5m (2012: £145.5m). Genesis completed in total 698 (2012: 1,270) new homes and commercial units during the year. The development at Stratford Halo, which has over 700 residential units, won the "Best Large Development of the Year" category at the prestigious Chartered Institute of Housing Awards. Funding received from the HCA was £10.0m (2012: £29.5m).

The £234.9m (2012: £328.7m) of development work in progress as at 31 March 2013 is significantly below the previous year following a number of completions during the year, along with the sale of 401 market units at the Stratford Halo. Development activity has focussed on developing out sites previously acquired. The number of homes under development at 31 March 2013 has increased to 1,983 (2012: 1,677) and the value of the land bank not in the course of development has reduced to £29.5m (2012: £31m). Additional development commitments over the next three years are limited to delivering Genesis' contract for 285 new affordable homes under the HCA's 2011-15 National Affordable Housing Programme, its on-going commitment to the regeneration of Grahame Park and Woodberry Down and the development of the remaining land bank sites.

The expenditure per existing social housing on new supply was £2,975 per unit. The capital commitments to new schemes as a proportion of fixed assets was 11%.

In addition to the development of new homes, Genesis continued to invest in its existing properties through its major repair programme. Total spend on major repairs in the year was £15.8m (2012: £14.9m). All properties meet the Government's Decent Homes Standard.

Forecast unit completions by tenure 2014-16

	2014	2015	2016
Private sale/market rent	532	380	412
Shared ownership	143	158	73
Commerical sale/rent	9	21	0
Rented (social and affordable)	272	439	25
Total	**956**	**998**	**510**

Operating and financial review

Development cashflow projections 2014-16

	2014 £000s	2015 £000s	2016 £000s
Investment in new homes	(157,541)	(131,366)	(44,425)
Grant	6,361	4,610	1,010
Existing house proceeds	31,931	28,928	20,663
Proceeds from outright/first tranche sale	28,168	30,943	33,037
Total net (outflow)	**(91,081)**	**(66,885)**	**(10,285)**

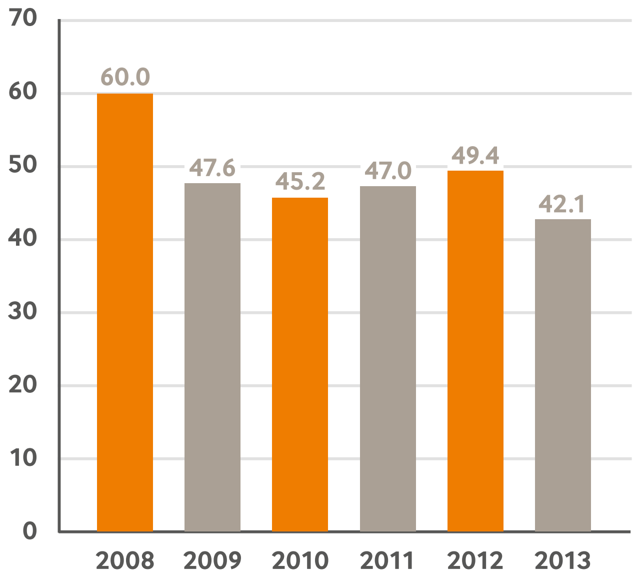
Financing

At 31 March 2013, Genesis' total borrowings were £1,419m from available facilities of £1,558m (2012: total borrowings were £1,442m from available facilities of £1,633m). At the same date, Genesis had cash balances available of £130m (2012 £57m) and additionally had £145m (2012 £15m) of secured loan facilities available to draw down.

Genesis issued a £250m Bond in 2009 through Genesis' Capital Markets company, Genfinance II plc. £200m of the bonds issued were sold with the remaining £50m held in reserve under a Custodian Agreement. The £50m retained bonds were sold in July 2012 for £55.4m, reflecting the fall in market interest rates since 2009, and an effective coupon on the new funds raised of 5.31%.

The Moody's credit rating was reduced from A1 to A2 in May 2013 following a review of the extraordinary support provided by the UK Government to housing associations that was conducted in response to Moody's credit ratings for the Registered Provider sector being given a negative outlook in February 2013. Moody's downgraded its view of the strength of Government support from 'high' to 'strong'. Moody's believe that there are increased constraints on the ability of the Government to step in and protect Registered Providers and their creditors in extreme situations. Fitch Ratings, the other rating agency publishing a credit rating for Genesis, put Genesis's long term AA- rating on negative watch in May 2013. This rating action was undertaken for all Registered Providers that Fitch rates. Fitch have downgraded the ratings outlook due to concerns over the strength of regulation, the impact of welfare reforms and the fact of there being little new capital subsidy for building new homes. Debt per unit has reduced on previous years as a consequence of our gearing reduction strategy within the 2012-15 Finance Strategy. The sale of 401 market units at Stratford to M&G for £125m has assisted the achievement of this objective. Debt per unit is projected to remain at current levels until development of the legacy land bank sites is completed in 2015.

Debt per unit (£000s)



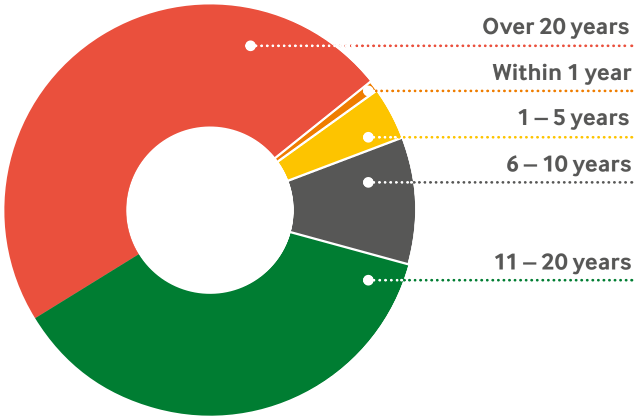
Operating and financial review

Genesis' re-financing risk is considered to be low with 93% (£1,321m) (2012: 93%; £1,347m) of debt due for repayment after 5 years.

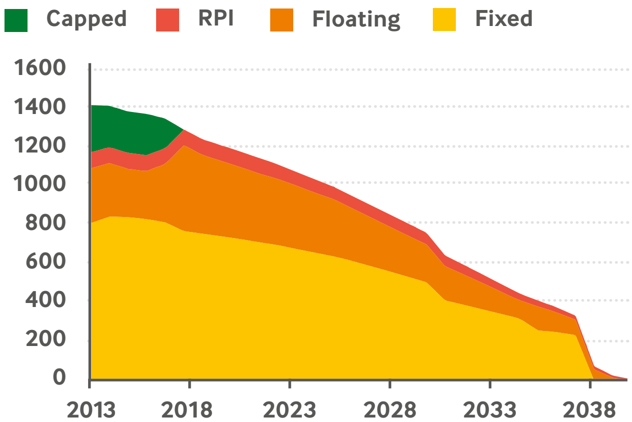
Exposure to interest rates is managed through the use of stand alone and embedded hedges. At 31 March 2013 £350m (2012 £185.5m) of stand alone interest rate swaps were outstanding with an average maturity of 9 years. Genesis' total hedged position, (consisting of fixed, capped and RPI linked interest rates) was £1.346m at 31 March 2013, representing 95% of the total borrowings (2012: £888m representing 62% of total borrowing).

Ongoing modifications were made to Genesis' interest rate hedging strategy during 2012/13 in order to put short-dated interest-rate swaps in place to achieve a high level of fixing over the current period of economic uncertainty whilst taking advantage of the low rates available in the market at times during 2012/13.

Debt repayment profile



Debt hedging profile



Cash flows

Genesis carries out a regular review of cash flow risk as part of its risk management procedures. The key elements of cash flow risk are fluctuations in interest rates, the availability of loan finance and property sales receipts. The Board is confident that, following the further strengthening of controls during the year, the risks are appropriately monitored and controlled.

The cash flow statement shows that during the year Genesis generated net cash inflow of £72.9m (2012: £10.2m) and made net interest payments of £52.9m (2012: £60.4m). Genesis reduced its net debt by £23m (2012: increase of £75.4m) in the year. Key drivers for these cash inflows and associated reductions in net debt included the receipt of £34.3m (2012: £92.1m) and £146.2m (2012: £102.9m) in capital grants and property sales respectively. A significant factor is the Stratford sale with proceeds of £118.8m (the majority of the total) received during the year.

In the current uncertain economic climate, Genesis' policy relating to liquidity is to hold sufficient cash to meet six months' cash requirements and have sufficient cash and committed loan facilities to cover the sum of (i) the next twelve months' cash requirement, (ii) half of the next twelve months' property sales and (iii) the potential cash requirement associated with an adverse swing in interest rates of 50 basis points.

Short-term balances are primarily placed in money market funds and short-term bank deposits, with residual amounts placed with Genesis' clearing bank which Genesis has also borrowed from. Genesis operates strict

Operating and financial review

investment guidelines in respect to surplus cash with the emphasis on the preservation of capital.

Summarised cash flow

	2013 £m	2012 £m
Net cash flow from operations	93.0	90.2
Interest	(52.9)	(60.4)
Expenditure on improvements to existing properties	(15.8)	(14.9)
Development of new properties	(108.9)	(299.6)
Cash received from property sales	146.2	102.9
Grants received	34.3	92.1
New loans (repaid)/raised	(23.0)	99.9
Increase in cash in the year	**72.9**	**10.2**

Group structure during 2012-2013

Genesis and its subsidiaries consisted of two Registered Providers, a number of subsidiaries and joint ventures for developing and managing housing as well as seven almshouses for which Genesis is the corporate trustee.

Genesis Association Limited ("Genesis")

A charitable Industrial & Provident Society that provides general needs, intermediate rent, supported and shared ownership housing in London and the East of England. It also delivers property management services to local authorities, other housing associations, primary care and NHS trusts, developers and private investors. Genesis is the largest single provider in the country of temporary housing to the homeless.

GenFinance Limited

Special purpose non-charitable Industrial & Provident Society used as Genesis' borrowing vehicle.

GenFinance II PLC

A PLC with the sole purpose of issuing the public bond in December 2009.

GenInvest Limited

Responsible for investing in and monitoring Genesis' non regulated activities. The only remaining joint venture investment is £1.62m in Quintessential Homes LLP which holds 28 units for market rent. GenInvest also holds the shares for two principal development companies; Stoke Quay New Homes Limited and Central Chelmsford Development Agency.

Genesis Community Foundation

A charitable company limited by guarantee which aims to promote and develop socio-economic programmes for the benefit of the communities in areas where Genesis operates.

Genesis Purchasing Limited

Provision of procurement services to aid the development and construction projects in Genesis.

Pathmeads Property Services Limited

(trading a Shenstone Services)

A limited company whose purpose is to provide maintenance services internally to Genesis companies and externally through maintenance contracts.

Operating and financial review

Remuneration

The remuneration of the Board members serving during the year was as follows:

Board member	Salary £	Ers pension £	Other benefits £	Total £
Non-Executive				
Charles Gurassa – Chairman	20,000			**20,000**
David Kleeman (to 18/9/12)	5,000			**5,000**
Rolande Anderson	10,000			**10,000**
David Turner	10,000			**10,000**
Genie Turton	6,500			**6,500**
Brian Ansell	6,500			**6,500**
Imani Douglas-Walker	6,500			**6,500**
Colette O'Shea	6,500			**6,500**
Stephen East	10,000			**10,000**
Executive Directors				
Neil Hadden – Chief Executive	200,000	13,181	7,819	**221,000**
Robert Kerse – Executive Director of Resource	145,000	7,375		**152,375**
Tom McGregor – Chief Operating Officer	65,650	9,848	653	**76,151**

The salary and fees of the Chief Executive and Chairman on a £ per unit basis were £6.25 and £0.58 respectively.

The remuneration of the other Executive Directors who held office during the year and are not Board members was as follows:

Executive Directors	Salary £	Ers pension £	Other benefits £	Total £
Feargal Ward	54,600	15,750		**70,350**
John Carleton	135,775	7,494		**143,269**
Jackie Bligh	92,250	4,950		**97,200**
Allison Sofekun (to 30/9/12)	62,500		471	**62,971**
Olu Olanrewaju (to 30/9/12)	54,600			**54,600**
Laurice Ponting (from 10/9/12)	75,288	4,519		**76,132**
Alastair Clegg (from 3/9/12)	70,000	3,850		**73,850**
Carol Wood (from 20/8/12 – 20/11/12)	23,308	1,840		**25,148**

During the year, five termination payments totalling £496,674 were incurred, of which £105,000 is due for payment in 2013-14. Analysis of these payments is not disclosed due to confidentiality agreements with the recipients.

Operating and financial review

The future outlook

Corporate strategy

The key objectives of Genesis' 2012-15 corporate strategy are:

- to provide consistent and reliable services to all our customers – reflected in upper quartile satisfaction ratings;
- to implement our organisational change proposals – creating a modern streamlined, integrated, effective and efficient organisation;
- to maintain a healthy financial position – comparable to other similar sized associations;
- to invest in our workforce, equipping our staff and making Genesis a place where people want to work; and
- to optimise the value of our property portfolio.

These objectives provide a framework for four supporting strategies (Customer Service, Finance, Markets & Portfolio and Organisational Effectiveness), work programmes and priorities for all parts of the organisation.

We know we are not yet delivering the performance and service levels that we should be. The first year of the Genesis Way corporate transformation project has put in place the conditions required for change and we have embarked upon service transformation projects for repairs and maintenance, service charge and customer contact.

We now expect to see the benefits of that work reflected in better performance levels and higher customer satisfaction ratings. That is not to say though that we do not have some distance to travel before we can be considered a leading property based service provider.

Future financial performance

The 2012-15 Finance Strategy contains an objective to bring Genesis' financial performance in line with the average G15 London Association by 2015.

The Board is focussing on the EBITDA MRI (Earnings before Interest, Tax, Depreciation and Amortisation after adding back capitalised major repairs and interest) interest cover ratio, as this measures the ability of the business to generate enough cash from its core rent, care and support activities excluding sales of existing assets to fund its cash funding costs.

Genesis is planning to generate at least 100% cash cover for its funding costs by 2013/14. This position could be achieved sooner; however, investment in The Genesis Way corporate transformation project, which commenced in 2012/13, places a burden on cash operating surpluses in the short term.

This investment is necessary to deliver significant planned efficiency savings in the medium term to bring Genesis' cash operating performance in line with the average G15 London Association by 2015.

Operating and financial review

	2013-14 budget year	2014-15	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23
Surplus (£000s)	33,471	58,771	56,669	55,646	55,773	60,559	58,541	62,886	67,888	73,269
EBITDA MRI	100%	121%	132%	136%	144%	151%	160%	168%	177%	189%
2012-15 Financial Strategy target	100%	120%	120%	120%	120%	120%	120%	120%	120%	120%
EBITDA MRI sales	134%	165%	164%	160%	164%	172%	170%	177%	185%	196%
2012-15 Financial Strategy target	110%	110%	110%	110%	110%	110%	110%	110%	110%	110%
Gearing	47%	47%	45%	43%	40%	38%	36%	34%	31%	29%
2012-15 Financial Strategy target	60%	60%	45%	45%	45%	45%	45%	45%	45%	45%
Interest cover	140%	178%	175%	174%	174%	184%	195%	204%	215%	228%
Interest cover – Internal Genesis target	125%	125%	125%	125%	125%	125%	125%	125%	125%	125%
Funders covenant	105%	105%	105%	105%	105%	105%	105%	105%	105%	105%

Operating and financial review

Key risk	Mitigating actions being taken
Adverse changes in Government policy such as welfare reform and the funding of new affordable homes	• Carry out financial modelling of potential impacts • In relation to Welfare Reform: identify residents at risk; create strategies for dealing with impacts on residents; train staff; and engage with residents and Regional Committees. • Engage in consultation with other Housing Associations, Local Authorities, Charities, Government bodies.
Major supplier/ contractor failure in the current economic environment	• Due diligence carried out on suppliers and contractors including regular viability checks on suppliers • Procurement department oversees all suppliers and contractors and maintains a live risk register • Effective use of market intelligence • Procurement procedures reviewed in the last year • Appropriate use of performance bonds and retentions
Loss of profitable contracts, in particular, Temporary Housing	• Delivery of plans to improve the efficiency of services and reduce overheads • Supported and Temporary Housing transformation projects in progress • Review of criteria for new bid tenders • Enhanced analysis of contract performance • Partnering with other organisations to increase scale

Key risk	Mitigating actions being taken
Failure to deliver new homes development programme	• Financial modelling taking place at project level • Enhanced risk management taking place • Long term financial plans and corporate finance strategy in place • Targeted demand and marketing strategy and early consultation • In-house project management skills to deliver development schemes • Procurement rules adhered to • Adequate controls and governance e.g. Genesis Homes Board • Risk register and exit strategy for every project
Failure to deliver first tranche shared ownership sales and open market sales	• Development of new enabling products to improve access to home ownership • Targeted marketing strategies • Exploring investment partners and tenure changes • Delivering good quality homes for sale in well sought after locations • Continually improving the customer experience
Failure to deliver The Genesis Way corporate transformation programme	• Programme underway that is overseen by a programme board • Skills gaps identified and plans to close them in place • Staff recognition and reward projects being implemented • New frameworks being implemented to underpin the programme • Culture change projects underway • Skills and knowledge of staff being enhanced • Increased project and risk management taking place

Neil Hadden
Chief Executive

Report of the Board

Statement of the Board's responsibilities in respect of the Report of the Board and the financial statements

The Board are responsible for preparing the Board's Report and the financial statements in accordance with applicable laws and regulations.

Industrial and Provident Society law requires the Board to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice).

The Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and of the profit or loss of the group for that period.

In preparing these financial statements, the Board are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The Board are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that its financial statements comply with the Industrial and Provident Societies Acts 1965 to 2003, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006. The Board has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

The Board are responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Corporate governance

The Board comprises eight non-executive members and two co-opted Executive members. The Board confirm that Genesis Housing Association Limited ('Genesis') has adopted the National Housing Federation's Code of Excellence.

The Board are responsible for the effective governance of the group whilst the day to day management is delegated to the Chief Executive and the Executive Team. The Board has agreed a scheme of delegation to four sub-committees: the Audit and Risk Committee; the Nominations Committee; the Diversity Committee and; the Remuneration Committee.

In addition, it has also agreed a scheme of delegation to the subsidiary boards of GenInvest Limited (trading as 'Genesis Homes') and GenFinance Limited. There is a scheme of delegation in place from the Chief Executive to the rest of the organisation.

The core responsibility of the Audit and Risk Committee is to provide assurance to the Board that the group has in place and operates an appropriate control framework to safeguard its assets and manage risk. This includes risk management and the appointment and management of internal and external auditors. The Nominations Committee reviews and plans the membership of the Board to meet the leadership needs of the group.

The Diversity Committee exists to promote diversity and inclusion throughout Genesis and ensures the group has in place and operates diversity and inclusion policies in line with best practice.

The Remuneration Committee ensures that there

Report of the Board

are effective and fair recognition and reward strategies in place to ensure that the organisation is able to retain and attract Executive Team members and makes recommendations to the Board on Board member remuneration.

Genesis Homes (trading name for GenInvest Limited) is the body within Genesis' structure that is responsible for Genesis' capital programmes across the Association relating to land, residential and commercial buildings and the asset management and sales programmes. It manages these programmes within overall financial limits set by the Genesis Board and ensures the development programme is carried out in accordance with the group's design and construction standards.

GenFinance Limited acts as the treasury and loans sub-committee and has responsibility for executing, reviewing and monitoring the implementation of the treasury operations on behalf of Genesis and subsidiary boards in accordance with the treasury policy, annual treasury plans, the rules of the Association and its subsidiaries and the Homes and Communities Agency's (HCA) regulatory standards and applicable legislation.

Internal control

The Board have overall responsibility for establishing and monitoring the system of internal control, reviewing its effectiveness and taking necessary action to remedy any significant failings or weaknesses identified in its review.

The Board have reviewed their policies on governance, risk management and internal audit, and the framework to assess the effectiveness of the internal control system. At a high level, the assurance framework brings together information from all significant parts of Genesis' business. The framework comprises different sources of assurance, the most significant being the work of the Internal Auditors, the review conducted by the Audit and Risk Committee (the 'ARC'), the external audit function, and the control exercised by the Executive team. A major component of this framework is the risk management process, as set out in the Risk Management Strategy.

The Board have delegated authority for the review of internal controls to the ARC. The Chief Executive's report on internal controls assurance is therefore presented to the ARC for consideration along with the Statement on Internal Control. This is recommended to the group's Boards. The responsibility for the internal control system remains with Genesis' Board.

The Board review the effectiveness of the system of internal control with specific reference to:

Control environment

The Genesis Way corporate transformation programme is focussing on key systems and processes with a principal aim of enhancing the level of control. Projects undertaken in the year include, Purchase to Pay, Procurement, Finance, Performance Management, Data and IT Systems. Work to ensure continuous improvement in the system of internal control across all of the business, which includes audits of key systems and development of policies and procedures, remains an important focus for Genesis to reduce the risk of fraud and error. An Audit and Risk Clinic made up of the members of the Executive Team meets on a quarterly basis to ensure that audit recommendations are being implemented on an effective and timely basis.

Risk management

Genesis encounters risk within all of its business activities and accepts a threshold of low and manageable risk as part of its risk appetite. The risk management strategy, which is applied across the Association, is to avoid very high risks whenever possible and to proactively and robustly manage and mitigate all high and medium risk exposures to acceptable levels. The strategy also promotes the identification of reward and opportunity.

The Board approves Genesis' risk management strategy and policy on an annual basis as part of the overall risk framework to meet the HCA's Regulatory Standards and requirements of the adopted National Housing Federation Code of Governance. All Board members and employees at all levels have clearly defined roles and responsibilities for identifying, evaluating, reporting and communicating risk issues throughout the organisation. This is part of a risk escalation process which also initiates the identification of new and emerging risks.

There is a risk register at corporate level which is regularly reviewed and discussed by the ARC and the Executive team.

The risk framework requires comprehensive risk registers to be produced for all key business areas and departments and these are regularly monitored, reviewed and updated as appropriate. In addition risk mitigation

Report of the Board

plans are developed to include the key milestones and actions to be taken to address risk. The ARC (on behalf of the Board) scrutinises and monitors the risk framework across the group and provides assurance to the Board that risk management is being operated effectively. In addition, regular risk clinics take place to hold key managers and Executive Directors to account for their actions in managing and mitigating risk.

The Risk Management department provides advice, support and guidance to all staff and Board members as necessary. It promotes best practice, raises risk awareness, facilitates and runs workshops and training events, provides staff with appropriate tools and techniques and facilitates or scrutinises various projects to help minimise risks.

The Risk team also attends a number of committees and working parties to advise on and support staff in identifying and evaluating risk as well as opportunity.

Monitoring systems

The corporate strategy, business plans, and annual budget are approved by the Board. Genesis have a comprehensive system of financial reporting. A monthly reporting package of financial results and key performance indicators ensures any significant adverse variances are examined by management, to enable remedial action to be taken on a timely basis as necessary. The Board monitors financial performance on a quarterly basis via a comprehensive management accounts package which includes income and expenditure accounts, balance sheets, cash flow forecasts, and key performance indicators.

Control procedures

Policies and procedures are in place for all material aspects of Genesis' business. These include defined authorisation levels for both revenue and capital expenditure, including new projects. Suppliers are paid in line with their payment terms. The Genesis Homes Board, which have specific delegated powers from Genesis' Board, examines new projects, recommends major projects for approval by the Board and monitors the progress of projects. Other examples of control procedures are fraud prevention, treasury management, health and safety, recruitment, training, and performance monitoring. Genesis complies with the HCA's Regulatory Standards and NHF Code of Governance. The Board undertakes an annual self assessment against these standards. The Executive Team also provide quarterly assurance statements to the ARC confirming that to their knowledge there have not been any breaches of relevant legislation, fraud or breaches of any code.

Internal audit

The Internal Auditors assess internal controls, including financial controls and provides independent assurance on areas reviewed. Management are responsible for instituting appropriate action to correct weaknesses identified by the internal and external audit reports and for providing regular updates on the status of the action plans for the ARC. BDO LLP have been appointed as Internal Auditors for a three year period commencing April 2013.

Effectiveness of the system of internal control

The Board recognises that the system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material mis-statement or loss.

Genesis' systems are designed to provide the Board with reasonable assurance that problems are identified on a timely basis and dealt with appropriately, that assets are safeguarded against unauthorised use or disposition, that proper accounting records are maintained, and that the financial information used within the business or for publication is reliable.

The process of identifying, evaluating and managing the significant risks faced by Genesis is ongoing. It has been in place for the year under review and up to the date of approval of the annual risk report and is regularly reviewed by the Board.

As part of its system of internal control, the Board have a clear and well communicated strategy and policy which defines fraud, and covers the prevention and detection of fraud within the Association, outlining how it is reported both internally and externally, together with its expectations on the recovery of assets. A clearly established whistleblowing policy and procedures are in place should fraud or attempted fraud be reported, discovered or suspected.

Report of the Board

The above procedures and policies are designed to identify, evaluate and manage the significant risks to Genesis.

The Board have received the Chief Executive's annual report on internal control assurance, reviewed the main policies designed to provide effective internal control, reviewed the fraud register, which indicates whether the HCA has been notified, and reflected the information contained within it in its review.

The Board confirm that during the year there were no identified weaknesses in internal controls, which resulted in material losses, contingencies or uncertainties that require disclosure in the financial statements or in the report of the auditor.

Employee involvement and engagement

We're committed to being a good employer, it's one of our values. We believe that we'll only achieve this if our employees have a strong voice and are fully committed to helping us achieve our goals. We have a number of initiatives in place to help us achieve this. Some examples include:

- Our Genesis Forum has representatives from across Genesis who meet regularly. The group is sponsored by the Executive Director of Organisational Effectiveness meaning that the forum have direct contact with the Executive Team.
- We hold quarterly Executive Roadshows where staff can hear updates from around Genesis directly from the Executive team. There's also an opportunity for staff to ask questions.
- We have involved 580 staff in workshops to design our new values and have a group of around 200 staff who are involved in redesigning our Reward & Recognition Strategy.
- We make use of a wide variety of communication channels. From more traditional channels such as our Care & Support eBulletin, staff magazine 'G Mag' and our manager cascade 'GenBrief' to more interactive channels like our social network, Yammer, which has been very successful in encouraging collaboration and communication across teams.
- We recently held our annual Staff Conference in Chelmsford. It was a chance for all staff to get together, celebrate our successes and hear about what the year ahead holds for us and the part they are expected to play in delivering our Corporate Strategy.

This year we also introduced our Genesis Staff Survey, which has been designed especially for Genesis to measure what is important to us. Our survey in September told us that 46% of our staff were fully engaged, this is against a benchmark of 48%.

To be fully engaged staff have to respond positively to each of these 6 questions:

Report of the Board

We're pleased with the progress we've made this year. There's more to do in 2013/14 and we'll continue to measure our progress using our Staff Survey along with external awards.

Diversity & Inclusion at Genesis

Genesis has a strong commitment to diversity and inclusion in all areas of its business. We have in place a diversity and inclusion strategy which supports our objectives to provide inclusive services that meet the diverse needs of all our customers and recruiting a diverse workforce that represents the communities within which we work. The strategy is designed to support Genesis meet the requirements of equality legislation and to achieve a workplace culture that values the diversity of our customers and staff and supports all our people to work at their very best.

The implementation of the strategy is monitored by our Diversity Committee (sub committee of the board) and we have an Executive lead for day to day implementation. During 2012/13 we have continued to build on working in partnership with customers and staff to improve customer service and workplace culture through our diversity customer and staff forums. We are seen as a leader on diversity and inclusion and over the last year we have been listed in the Times Top 50 Places for Women, Stonewall Top 100 Employers Equality Index, Business in the Community Top 10 Public Sector Organisations, Finalists of the National Business Award and winners of the Transparency Award for our work on gender equality.

Health and Safety

Genesis are committed to providing a healthy and safe environment for staff, customers and visitors. A dedicated Health and Safety department is committed to delivering year on year improvements with regard to health and safety standards. In 2012/13 a revised Health & Safety Policy statement was approved and published and included Key Policy Objectives, all of which were achieved. In April 2012 a new Health & Safety and Environment departmental plan was developed to deliver improvements to the Health & Safety Management system, training provision and assurance programme and the commitments for the first year were all delivered. This included: providing specific training to staff, both face to face and on line over 15 procedures and associated guidance developed; and internal auditing to assess compliance and standards. The departmental plan developed in April 2012 was reviewed in March 2013 to ensure that the Health and Safety management system is on track to be completed by September 2013 with further developments during the year to assist in delivering in improvements.

The Genesis Health and Safety system achieved the Gold ROSPA award for the third year running.

2012/13 saw a slight increase in RIDDOR accidents, 5 compared to 3 the previous year but there were no trends or organisational concerns with these. During 2012/13 there was no formal enforcement activity or prosecutions.

Environment

Genesis are committed to providing a service which is compliant with environmental requirements and delivers improvements with regard to the operational impact on the environment on a year on year basis. In April 2012 a new Environmental Policy Statement was approved and published, including a number of Key Policy Objectives ('KPOs'), all of which were delivered within the timescales. A revised statement has been approved for 2013/14 with a number of KPO's. The environmental management system has progressed with 10 procedures being introduced. Further procedures will be introduced during 2013/14 to ensure that the organisation has a robust environmental management system in place by the end of 2013/14. There has been no formal action or prosecution by the Environment Agency during 2013/14.

Political and charitable contributions

During the year the group made donations of £4,800 (2012: £4,573) to Registered Charities and a donation of £1,800,979 (2012: £1,700,680) within the group to Genesis Community Foundation. It made no contributions to political parties or incurred any political expenditure during the year (2012: £nil).

Disclosure of information to auditor

The Board Members who held office at the date of approval of this Report of the Board confirm that, so far as they are each aware, there is no relevant audit information of which Genesis' auditor is unaware; and each Board Member has taken all the steps that he/she ought to have taken as a Board Member to make himself/

Report of the Board

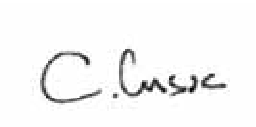
herself aware of any relevant audit information and to establish that Genesis' auditor is aware of that information.

Going Concern

The Board have a reasonable expectation that Genesis have adequate resources to continue in operation for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

Auditor

A resolution to re-appoint KPMG LLP as external auditor will be proposed at the Annual General Meeting of Genesis Housing Association Limited to be held on 17 September 2013.



By order of the board
Charles Gurassa
Chair

Genesis Housing Association Limited
Capital House
25 Chapel Street
London
NW1 5DT

Report of the independent auditors to the members of Genesis Housing Association Limited

We have audited the financial statements of Genesis Housing Association Limited for the year ended 31 March 2013 which comprise the Group and Association Income and Expenditure Account, the Group Statement of Total Recognised Surpluses and Deficits, the Group Note of Historical Cost Surpluses and Deficits, the Group and Association Balance Sheet, the Group Cash flow and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the association's members, as a body, in accordance with section 128 of the Housing and Regeneration Act 2008 and section 9 of the Friendly and Industrial and Provident Societies Act 1968. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and auditor

As more fully explained in the Statement of Board's Responsibilities set out on pages 18-23, the association's Board is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the Group and Association as at 31 March 2013 and of the Group and Association's surplus for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2003 and the Industrial and Provident Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Industrial and Provident Societies Acts 1965 to 2003 and the Industrial and Provident Societies (Group Accounts) Regulations 1969 require us to report to you if, in our opinion:

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

Chris Wilson
Senior Statutory Auditor for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
Arlington Business Park
Theale
Reading
RG7 4SD

Group income and expenditure account

Year ended 31 March 2013

	Note	2013 Group excluding joint venture activities £m	2013 Share of joint venture activities £m	2013 Group £m	2012 Group excluding joint venture activities £m	2012 Share of joint venture activities £m	2012 Group £m
Turnover							
Continuing operations	2,3	**292.6**	**0.8**	**293.4**	258.8	0.8	259.6
	2	**292.6**	**0.8**	**293.4**	258.8	0.8	259.6
Cost of sales	2	**(59.3)**	**-**	**(59.3)**	(44.5)	-	(44.5)
Gross surplus		**233.3**	**0.8**	**234.1**	214.3	0.8	215.1
Impairment	2	**2.2**	**-**	**2.2**	1.8	-	1.8
Other operating costs	2,3	**(176.3)**	**-**	**(176.3)**	(168.1)	(0.3)	(168.4)
Total operating costs		**(174.1)**	**-**	**(174.1)**	(166.3)	(0.3)	(166.6)
Operating surplus							
Continuing operations	2	**59.2**	**0.8**	**60.0**	48.0	0.5	48.5
		59.2	**0.8**	**60.0**	48.0	0.5	48.5
Surplus on sale of properties:							
Continuing operations	7	**33.0**	**-**	**33.0**	21.3	-	21.3
Net interest payable and similar charges	8d	**(48.7)**	**-**	**(48.7)**	(43.4)	-	(43.4)
Surplus on ordinary activities before taxation	4	**43.5**	**0.8**	**44.3**	25.9	0.5	26.4
Tax on surplus on ordinary activities	9	**(0.9)**	**-**	**(0.9)**	-	-	-
Surplus for the financial year		**42.6**	**0.8**	**43.4**	25.9	0.5	26.4

Association income and expenditure account

Year ended 31 March 2013

	Note	2013 £m	2012 £m
Turnover	2,3	**287.8**	232.2
Cost of sales	2,3	**(56.2)**	(22.7)
Gross surplus		**231.6**	209.5
Operating costs	2,3	**(175.0)**	(169.1)
Impairment	2	**2.2**	1.8
Operating surplus		**58.8**	42.2
Surplus on sale of properties	7	**33.0**	21.3
Net interest payable and similar charges	8d	**(48.6)**	(42.5)
Surplus on ordinary activities before taxation	4	**43.2**	21.0
Tax on surplus on ordinary activities	9	**(0.9)**	-
Gift aid donation received		**0.5**	-
Surplus for the financial year		**42.8**	21.0

All amounts relate to continuing activities.

There is no difference between the Association's results as reported and on a historical cost basis. Accordingly no note of historical cost surpluses and deficits has been prepared.

Notes on pages 32 to 81 form part of the financial statements.

Balance sheet
At 31 March 2013

	Note	2013 Group £m	2012 Group £m	2013 Association £m	2012 Association £m
Fixed assets					
Tangible assets:	10				
Housing properties at cost		**2,674.1**	2,692.6	**2,667.3**	2,650.1
Less: Social housing grants and other grants		**(1,181.4)**	(1,163.1)	**(1,181.4)**	(1,161.6)
Less: Depreciation		**(75.1)**	(80.9)	**(66.5)**	(72.3)
		1,417.6	1,448.6	**1,419.4**	1,416.2
Investments:	11				
Investments in subsidiaries		**-**	-	**0.9**	0.9
Investments in joint ventures:					
Share of gross assets		**1.9**	2.6	**-**	-
Share of gross liabilities		**(0.3)**	(0.6)	**-**	-
Property held as investments		**36.6**	32.2	**30.3**	28.8
Listed investments at market value		**2.6**	1.1	**-**	-
Other tangible assets	12	**10.1**	11.2	**10.1**	11.2
		1,468.5	1,495.1	**1,460.7**	1,457.1
Current assets					
Housing properties, stock for sale and work in progress	13	**92.5**	114.0	**73.5**	92.5
Debtors receivable within one year	14	**54.3**	66.4	**71.7**	371.7
Debtors receivable after more than one year	14	**2.3**	1.6	**26.2**	54.4
Investments	15	**35.2**	31.9	**35.2**	31.9
Cash at bank and in hand		**129.6**	56.8	**130.8**	47.8
		313.9	270.7	**337.4**	59.3
Creditors: amounts falling due within one year	16	**(79.1)**	(89.6)	**(89.1)**	(369.3)
Net current assets		**234.8**	181.1	**248.3**	229.0
Total assets less current liabilities		**1,703.3**	1,676.2	**1,709.0**	1,686.1

Balance sheet

At 31 March 2013

	Note	2013 Group £m	2012 Group £m	2013 Association £m	2012 Association £m
Creditors: amounts falling due after more than one year	17	**(1,433.0)**	(1,447.1)	**(1,440.0)**	(1,458.4)
Provision for liabilities	18	**(2.7)**	(3.6)	**(2.7)**	(3.6)
Net assets excluding pension liabilities		**267.6**	225.5	**266.3**	224.1
Pension liabilities	23	**(8.6)**	(9.2)	**(8.6)**	(9.2)
Net assets including pension liabilities		**259.0**	216.3	**257.7**	214.9
Reserves					
Restricted reserves	19	**2.9**	1.1	**0.2**	-
Revenue reserves	19	**256.1**	215.2	**257.5**	214.9
		259.0	216.3	**257.7**	214.9

Notes on pages 32 to 81 form part of the financial statements.

These financial statements were approved by the board of directors and were signed on its behalf on 8 July 2013 by:

Charles Gurassa
Group Chair

Neil Hadden
Director

Jackie Bligh
Company Secretary

Consolidated cash flow statement

Year ended 31 March 2013

	Note	2013 £m	2012 £m
Reconciliation of operating surplus to net cash flow from operating activities			
Operating surplus	2	**60.0**	48.5
Depreciation charges and impairment		**13.1**	16.5
Loss on investments and other fixed assets		**-**	-
Decrease in stocks		**21.5**	25.9
Decrease/(increase) in debtors		**9.3**	(3.6)
(Decrease)/increase in creditors		**(10.1)**	6.0
(Decrease) in provisions		**(0.8)**	(0.7)
Adjustment for non-cash items		**-**	(2.4)
Net cash inflow from operating activities		**93.0**	90.2
Cash flow statement			
Cash flow from operating activities		**93.0**	90.2
Returns on investments and servicing of finance	24	**(52.9)**	(60.4)
Capital expenditure and financial investment (net)	24	**59.1**	(105.2)
Cash inflow/(outflow) before management of liquid resources and financing		**99.2**	(75.4)
Management of liquid resources	24	**(3.3)**	(14.3)
Financing	24	**(23.0)**	99.9
Increase in cash in the period		**72.9**	10.2
Reconciliation of net cash flow to movement in net debt			
Increase in cash in the period	25	**72.9**	10.2
Cash used to increase liquid resources		**3.3**	14.3
Net change in borrowing		**23.0**	(99.9)
Movement in net debt in the period		**99.2**	(75.4)
Net debt at the start of the period		**(1,353.3)**	(1,277.9)
Net debt at the end of the period		**(1,254.1)**	(1,353.3)

Statement of total recognised surpluses and deficits

Year ended 31 March 2013

	2013 Group £m	2012 Group £m	2013 Association £m	2012 Association £m
Surplus for the financial year	**43.4**	26.4	**42.8**	21.0
Other adjustments	**(0.5)**	-	**0.2**	-
Actuarial (loss)/gain recognised in pension schemes	**(0.2)**	(8.5)	**(0.2)**	(8.5)
Total recognised surpluses and deficits relating to the financial year	**42.7**	17.9	**42.8**	12.5

Note of historical cost surpluses and deficits

Year ended 31 March 2013

Group	2013 £m	2012 £m
Reported surplus on ordinary activities before taxation	**44.3**	26.4
Historical cost surplus on ordinary activities before taxation	**44.3**	26.4
Historical cost surplus for the year retained after taxation	**44.3**	26.4

Notes

1. Accounting policies

The following accounting policies will be applied consistently in dealing with items which are considered material in relation to the financial statements.

Basis of preparation
The financial statements have been prepared on the going concern basis and in accordance with applicable accounting standards, the Statement of Recommended Practice 'Accounting by Registered Social Landlords' 2010 (SORP 2010), under the historical cost accounting rules with the exception of listed investments which are included at market value and comply with the Accounting Requirements for Registered Social Landlords General Determination 2006.

Basis of consolidation
The consolidated accounts incorporate the financial statements of Genesis Housing Association Limited, its subsidiaries, associates and joint ventures. Further details of the subsidiaries, associates and joint ventures are disclosed in note 11. The results of subsidiaries are included in the consolidated Income and Expenditure Account from the date of incorporation or acquisition. Subsidiaries acquired during the year are consolidated using the acquisition method. Intra-group surpluses or deficits are eliminated on consolidation. For newly acquired legal entities where the difference between the cost of acquisition of its shares and the fair value of the separable net assets acquired gives rise to goodwill, this is capitalised and written off on a straight line basis over its estimated economic life. Provision is made for impairment where appropriate.

All subsidiaries' financial statements are made up to 31 March.

Investments
Investments in subsidiary undertakings and loans to joint ventures are stated at cost less any impairment or write offs.

Joint ventures and associated undertakings are accounted for under the equity accounting method recognising the Group's share of the results and net assets on consolidation.

Listed investments are stated at their market value.

Fixed assets and depreciation
Housing properties
Housing properties constructed or acquired on the open market are stated at cost less the amount of grants received towards their cost and depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest capitalised during the development period, directly attributable administration costs, and expenditure incurred in improving or reinvesting in existing properties.

Expenditure on major refurbishment to properties is capitalised where the works increase the net rental stream over the life of the property. An increase in the net rental stream may arise through an increase in the net rental income, a reduction in future maintenance costs, or a subsequent extension in the life of the property. All other repair and replacement expenditure is charged to the Income and Expenditure Account.

Mixed developments are held within fixed assets and accounted for at cost less depreciation. Commercial elements of mixed developments are held as investment properties.

Donated land is accounted for as both a cost incurred to acquire land and grant received where the land is donated by a public body. Where the land is donated by a private donor then the excess value is recognised in turnover.

Housing properties in the course of construction, excluding the estimated cost of the element of shared ownership properties expected to be sold in first tranche, are included in fixed assets and held at cost (less any impairment), and are transferred to completed properties when ready for letting.

When housing properties are developed for sale to another social landlord, the cost less any related capital grant is dealt with in current assets under housing properties and stock for sale.

Notes

Completed housing properties in subsidiaries acquired are valued at existing use value for social housing at the date of acquisition, plus related social housing grant.

Depreciation and impairment
Freehold land is not subject to depreciation. Depreciation is charged on a straight-line basis over the useful economic lives of fixed assets to write off the cost less any attributable grant to the estimated residual value at the following annual rates:

Housing properties held for letting	
Structure	150 Years
Roof	60 Years
Boiler	15 Years
Windows	30 Years
Kitchen	20 Years
Heating	30 Years
Bathroom	30 Years

Leasehold housing properties owned by the Group are stated at cost and are depreciated on a straight- line basis over the period of the lease except where the expected useful economic life is shorter than the lease in which case they are depreciated separately over their expected useful life.

Impairment reviews are carried out annually. Other assets are reviewed for impairment if there is an indication that impairment may have occurred. Where there is evidence of impairment, fixed assets are written down to higher of value in use and the net recoverable amount. Any impairment charge is recognised in the Income and Expenditure Account.

Low cost home ownership housing properties and staircasing
Under low cost home ownership arrangements, the Group disposes of a long lease on low cost home ownership housing units for a share ranging between 25% and 75% of value. The Buyer has the right to purchase further proportions and up to 100% based on the market valuation of the property at the time each purchase transaction is completed.

Low cost home ownership properties are split proportionately between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover. The remaining element, "staircasing element", is classed as a fixed asset and included in completed housing property at cost less social housing grant ("SHG") and any provision for impairment. Sales of subsequent tranches are treated as a part disposal of a fixed asset. Such staircasing sales may result in capital grant being deferred or abated and any abatement is credited in the sale account in arriving at the surplus or deficit.

The properties are not depreciated on the expectation that the net realisable value at the time of disposal will be in excess of the historical cost.

Social housing grant ("SHG")
SHG received from the Homes and Communities Agency ("HCA") is utilised to reduce the capital cost of housing properties, including the cost portion attributable to land. SHG due from the HCA or received in advance is included as a current asset or liability. SHG received in respect of revenue expenditure is credited to the Income and Expenditure Account in the same period as the expenditure to which it relates. SHG may be repayable in certain circumstances if grant conditions are not met. SHG is subordinated to the repayment of secured loans by agreement with the HCA.

Recycled Capital Grant Fund
On the occurrence of certain relevant events, primarily the sale of dwellings, the HCA can direct the Association to recycle capital grants or to make repayments of the recoverable amount. The Group adopts a policy of recycling, for which a separate fund is maintained. If unused within a three year period, it will be repayable to the HCA with interest. Any unused recycled capital grant held within the recycled capital grant fund, which it is anticipated will not be used within one year is disclosed in the balance sheet under "creditors due after more than one year". The remainder is disclosed under "creditors due within one year".

Notes

1. Accounting policies (continued)

Other fixed assets and depreciation
Tangible fixed assets other than housing properties are stated at cost less accumulated depreciation. Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets on a straight line basis over the expected useful life of the asset. The annual depreciation rates are as follows:

Freehold office premises	60 Years
Office improvements	7 Years
Motor vehicles	4 Years
Office furniture and computer equipment	4 Years
Key workers' furniture	4 Years
Tenants' furniture	3 Years

No depreciation is provided on freehold land.

Supported housing schemes
The Group receives Supporting People grants from a number of London Boroughs and County Councils. The grants received in the period as well as costs incurred by the Group in the provision of support services have been included in the Income and Expenditure Account. Any excess of cost over the grant received is borne by the Group where it is not recoverable from tenants.

Service charges
The Group adopts the variable method for calculating and charging service charges to its tenants and leaseholders. Expenditure is recorded when a service is provided and charged to the relevant service charge account or to a sinking fund. Income is recorded based on the estimated amounts chargeable.

Management of units owned by others
Management fees receivable and reimbursed expenses are shown as income and included in management fees receivable. Costs of carrying out the management contracts and rechargeable expenses are included in operating costs.

Schemes managed by agents
Income is shown as rent receivable and management fees payable to agents are included in operating costs.

Leases
Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the Income and Expenditure Account on a straight line basis over the period of the lease.

Post-retirement benefits
The Group participates in four pension schemes.

Defined benefit schemes
The assets are held separately from those of the Group. Pension scheme assets are measured using market values. Pension liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges and finance items which are recognised in the Income and Expenditure Account and, in the statement of total recognised surpluses and deficits, actuarial gains and losses.

The Group participates in SHPS which is a multi-employer pension scheme providing benefits based on final pensionable pay and more recently career averaged revalued earnings. The assets of the scheme are held separately from those of the Group. The Group is unable to identify its share of the underlying assets of the scheme on a consistent and reasonable basis and therefore, as required by FRS 17 "Retirement benefits", accounts for the scheme as if it were a defined contribution scheme. As a result, the amount charged in the Income and Expenditure Account represents the contributions payable to the scheme in respect of the financial year.

Money purchase scheme
The Group also participates in a defined contribution scheme where the amount charged to the Income and Expenditure Account represents the contributions payable to the scheme in respect of the financial year.

Housing properties, stock for sale and work in progress
Housing properties, stock for sale and work in progress

Notes

are stated at the lower of cost and net realisable value. Cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Long term contracts
The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at the cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses as soon as they are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the Income and Expenditure Account, after deducting foreseeable losses and payments on account not matched with turnover. Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Provisions
Provisions are made to meet liabilities which are expected to arise in future years but are of uncertain timing or amounts. Arrears provisions are made and systematically reviewed on an ongoing basis taking into consideration current market conditions, historical write offs and other particular known factors which can affect payment of the amounts.

Taxation

The Group is VAT registered. As a large proportion of its income, including rents, is exempt, this gives rise to a partial exemption calculation. Expenditure is therefore shown gross of value added tax, where applicable.

The charge for taxation is based on the surplus for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

Deferred tax is recognised on a prudent basis, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19 "Deferred tax".

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into sssknown amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year (other than cash), government securities and investments in money market managed funds.

Financial instruments

The impact of financial instruments such as interest rate swaps is recorded in the Income and Expenditure Account only in respect of current passing payments and on an accruals basis. Neither the market values of such instruments nor movements in them during the year are recorded in the Balance Sheet or the Income and Expenditure Account, but they are disclosed by way of a note.

Turnover

Turnover represents rental income, service charge income receivable, management fees (excluding value added tax), revenue grants, first tranche sales of low cost home ownership properties and other income including sales of properties developed for outright sale. All turnover arose in the United Kingdom.

Interest payable

Interest payable is charged to the income and expenditure account as it is incurred; issue costs and premiums are written off over the course of the loans.

Interest on borrowings is capitalised to housing properties under construction up to the date of completion of each scheme. The interest capitalised is either on borrowings specifically financing a scheme or on net borrowings to the extent that they are deemed to be financing a scheme.

Notes

2. Turnover, operating costs and operating surplus

Group	2013					2012				
	Turnover	Cost of sales	Impairment	Other operating costs	Operating surplus/ (deficit)	Turnover	Cost of sales	Impairment	Other operating costs	Operating surplus/ (deficit)
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Social housing lettings										
General needs	**111.4**	**-**	**-**	**(64.3)**	**47.1**	95.3	-	-	(63.3)	32.0
Temporary housing	**60.5**	**-**	**-**	**(58.0)**	**2.5**	59.8	-	-	(56.8)	3.0
Supported housing	**36.5**	**-**	**-**	**(36.6)**	**(0.1)**	32.5	-	-	(32.7)	(0.2)
Low cost home ownership	**10.2**	**-**	**-**	**(7.4)**	**2.8**	12.8	-	-	(7.8)	5.0
Key worker accommodation (NHS)	**8.4**	**-**	**-**	**(8.9)**	**(0.5)**	8.0	-	-	(6.5)	1.5
	227.0	**-**	**-**	**(175.2)**	**51.8**	208.4	-	-	(167.1)	41.3
Other social housing activities										
First tranche sales	**33.4**	**(30.5)**	**-**	**-**	**2.9**	20.5	(17.9)	-	-	2.6
Development administration	**-**	**-**	**-**	**(0.6)**	**(0.6)**	-	-	-	(0.6)	(0.6)
Outright sales	**30.5**	**(28.8)**	**-**	**-**	**1.7**	25.2	(26.6)	-	-	(1.4)
Other activities	**-**	**-**	**2.2**	**-**	**2.2**	-	-	1.8	-	1.8
	290.9	**(59.3)**	**2.2**	**(175.8)**	**58.0**	254.1	(44.5)	1.8	(167.7)	43.7
Memo only:										
Non-social housing activities	**2.5**	**-**	**-**	**(0.5)**	**2.0**	5.5	-	-	(0.7)	4.8
	293.4	**(59.3)**	**2.2**	**(176.3)**	**60.0**	259.6	(44.5)	1.8	(168.4)	48.5

Notes

Association					2013					2012
	Turnover	**Cost of sales**	**Impairment**	**Other operating costs**	**Operating surplus/ (deficit)**	Turnover	Cost of sales	Impairment	Other operating costs	Operating surplus/ (deficit)
	£m	**£m**	**£m**	**£m**	**£m**	£m	£m	£m	£m	£m
Social housing lettings										
General needs	**111.2**	**-**	**-**	**(63.5)**	**47.7**	95.3	-	-	(66.0)	29.3
Temporary housing	**60.5**	**-**	**-**	**(57.8)**	**2.5**	59.8	-	-	(56.8)	3.0
Supported housing	**36.4**	**-**	**-**	**(36.5)**	**(0.1)**	31.1	-	-	(31.2)	(0.1)
Low cost home ownership	**10.2**	**-**	**-**	**(7.3)**	**2.9**	12.8	-	-	(7.8)	5.0
Key worker accommodation (NHS)	**8.4**	**-**	**-**	**(8.8)**	**(0.4)**	8.0	-	-	(6.5)	1.5
	226.7	**-**	**-**	**(173.9)**	**52.8**	207.0	-	-	(168.3)	38.7
Other social housing activities										
First tranche sales	**33.4**	**(30.6)**	**-**	**-**	**2.8**	20.5	(18.4)	-	-	2.1
Development administration	**-**	**-**	**-**	**(0.6)**	**(0.6)**	-	-	-	(0.6)	(0.6)
Outright sales	**27.4**	**(25.6)**	**-**	**-**	**1.8**	4.3	(4.3)	-	-	-
Other activities	**-**	**-**	**2.2**	**-**	**2.2**	-	-	1.8	-	1.8
	287.5	**(56.2)**	**2.2**	**(174.5)**	**59.0**	231.8	(22.7)	1.8	(168.9)	42.0
Memo only:										
Non-social housing activities	**0.3**	**-**	**-**	**(0.5)**	**(0.2)**	0.4	-	-	(0.2)	0.2
	287.8	**(56.2)**	**2.2**	**(175.0)**	**58.8**	232.2	(22.7)	1.8	(169.1)	42.2

Notes

3. Income and expenditure from social housing lettings

Group	General needs	Temporary housing	Supported housing	Low cost home ownership	Key worker accommodation (NHS)	2013 Total	2012 Total
	£m	£m	£m	£m	£m	£m	£m
Turnover from social housing							
Rents receivable net of identifiable service charges	100.8	60.3	14.4	8.6	7.8	191.6	179.1
Service charge income	8.7	-	12.7	1.6	0.4	23.4	20.3
Gross rental income	109.5	60.3	26.8	10.2	8.2	215.0	199.4
Void losses	(1.1)	(1.4)	(1.1)	-	(0.2)	(3.8)	(4.6)
Net rental income	108.4	58.9	25.7	10.2	8.0	211.2	194.8
Management fee receivable	2.1	0.9	0.5	-	0.2	3.7	4.2
Supporting people grant	-	-	6.6	-	-	6.6	7.3
Grants from local authorities and other activities	-	-	0.9	-	-	0.9	0.8
Other income	0.9	0.7	2.8	-	0.2	4.6	1.3
Total turnover	111.4	60.5	36.5	10.2	8.4	227.0	208.4
Operating costs on social housing lettings							
Housing management	(28.2)	(9.1)	(13.2)	(4.2)	(5.0)	(59.7)	(54.9)
Care and support	-	-	(6.6)	-	-	(6.6)	(5.5)
Service charge costs	(10.6)	-	(11.2)	(1.4)	-	(23.2)	(21.2)
Routine maintenance	(10.6)	(2.0)	(4.0)	(0.4)	(0.9)	(17.9)	(19.0)
Planned maintenance	(3.7)	(0.1)	(0.9)	(0.1)	(0.2)	(5.0)	(7.1)
Major repairs expenditure	(0.1)	-	(0.1)	(0.4)	-	(0.6)	(1.5)
Rent losses from bad debts	(1.1)	(0.1)	(0.4)	(0.1)	-	(1.7)	(0.8)
Landlords rents	(0.4)	(46.7)	(0.2)	(0.8)	(0.1)	(48.2)	(47.0)
Property depreciation	(9.6)	-	-	-	(2.7)	(12.3)	(10.1)
Total operating costs	(64.3)	(58.0)	(36.6)	(7.4)	(8.9)	(175.2)	(167.1)
Operating surplus/(deficit)	47.1	2.5	(0.1)	2.8	(0.5)	51.8	41.3

Notes

Association	General needs £m	Temporary housing £m	Supported housing £m	Low cost home ownership £m	Key worker accommodation (NHS) £m	2013 Total £m	2012 Total £m
Turnover from social housing							
Rents receivable net of identifiable service charges	**100.8**	**60.3**	**14.1**	**8.6**	**7.8**	**191.6**	177.7
Service charge income	**8.7**	**-**	**12.7**	**1.6**	**0.4**	**23.4**	20.3
Gross rental income	**109.5**	**60.3**	**26.8**	**10.2**	**8.2**	**215.0**	198.0
Void losses	**(1.1)**	**(1.4)**	**(1.1)**	**-**	**(0.2)**	**(3.8)**	(4.6)
Net rental income	**108.4**	**58.9**	**25.7**	**10.2**	**8.0**	**211.2**	193.4
Management fee receivable	**2.1**	**0.9**	**0.5**	**-**	**0.2**	**3.7**	4.2
Supporting people grant	**-**	**-**	**6.6**	**-**	**-**	**6.6**	7.3
Grants from local authorities and other activities	**-**	**-**	**0.9**	**-**	**-**	**0.9**	0.8
Other income	**0.7**	**0.7**	**2.7**	**-**	**0.2**	**4.3**	1.3
Total turnover	**111.2**	**60.5**	**36.4**	**10.2**	**8.4**	**226.7**	207.0
Operating costs on social housing lettings							
Housing management	**(27.4)**	**(8.9)**	**(13.1)**	**(4.1)**	**(4.9)**	**(58.4)**	(57.6)
Care and support	**-**	**-**	**(6.6)**	**-**	**-**	**(6.6)**	(4.0)
Service charge costs	**(10.6)**	**-**	**(11.2)**	**(1.4)**	**-**	**(23.2)**	(21.2)
Routine maintenance	**(10.6)**	**(2.0)**	**(4.0)**	**(0.4)**	**(0.9)**	**(17.9)**	(19.0)
Planned maintenance	**(3.7)**	**(0.1)**	**(0.9)**	**(0.1)**	**(0.2)**	**(5.0)**	(7.1)
Major repairs expenditure	**(0.1)**	**-**	**(0.1)**	**(0.4)**	**-**	**(0.6)**	(1.5)
Rent losses from bad debts	**(1.1)**	**(0.1)**	**(0.4)**	**(0.1)**	**-**	**(1.7)**	(0.8)
Landlords rents	**(0.4)**	**(46.7)**	**(0.2)**	**(0.8)**	**(0.1)**	**(48.2)**	(47.0)
Property depreciation	**(9.6)**	**-**	**-**	**-**	**(2.7)**	**(12.3)**	(10.1)
Total operating costs	**(63.5)**	**(57.8)**	**(36.5)**	**(7.3)**	**(8.8)**	**(173.9)**	(168.3)
Operating surplus/(deficit)	**47.7**	**2.7**	**(0.1)**	**2.9**	**(0.4)**	**52.8**	38.7

Notes

4. Notes to the Income and Expenditure Account

Surplus/(deficit) on ordinary activities before taxation is stated after charging/(crediting)

	2013 Group £m	2012 Group £m	**2013 Association £m**	2012 Association £m
Depreciation and other amounts written off tangible fixed assets:				
Owned	**15.4**	13.0	**15.3**	13.0
Net impairment (release)	**(2.2)**	(1.8)	**(2.2)**	(1.8)
Operating leases:				
Land and buildings – temporary housing	**48.9**	46.0	**48.9**	46.0
Land and buildings – offices	**1.2**	1.1	**1.2**	1.1
Hire of other assets	**0.3**	0.3	**-**	-

Auditor's remuneration

	2013 Group £000s	**2012 Group £000s**	**2013 Association £000s**	**2012 Association £000s**
Amounts receivable by the auditor and their associates in respect of:				
Audit of these financial statements, of consolidated financial statements and financial statements of subsidiaries pursuant to legislation	**180**	200	**134**	144
Additional fees in respect of prior year audit	**-**	23	**-**	23
Other services relating to taxation	**25**	43	**25**	43
Services relating to corporate finance advice	**33**	-	**33**	-
Other services	**46**	51	**28**	26

Notes

5. Employee information

Average number of full time equivalent employees

	2013 Group No.	2012 Group No.	2013 Association No.	2012 Association No.
Administration	**186**	167	**163**	164
Development	**83**	69	**76**	59
Housing management	**580**	494	**485**	381
Care and support	**491**	627	**491**	543
Community development and fundraising	**80**	37	**49**	-
	1,420	1,394	**1,264**	1,147

Staff costs for the above persons

	£m	£m	£m	£m
Wages and salaries	**40.4**	37.6	**34.9**	31.7
Social security costs	**4.7**	3.6	**4.0**	3.0
Employee insurance costs	**0.1**	-	**-**	-
Other pension costs	**-**	0.2	**-**	-
	45.2	41.4	**38.9**	34.7

Salary banding and range

Salary banding for all employees earning over £60,000 (including salaries, performance related pay and benefits in kind but excludes pension contributions paid by the employer):

Salary bands £000s	2013 Group No.	2012 Group No.
60 - 70	21	17
70 - 80	11	8
80 - 90	3	3
90 - 100	7	5
100 - 110	1	2
110 - 120	-	1
120 - 130	1	2
130 - 140	1	1
150 - 200	3	1
	48	40

Salary range

Lowest paid employee	£11,266
Highest paid employee	£200,000
Average salary per employee	£28,451

The range of salaries does not include night care or relief cover.

Notes

6. Directors' emoluments

Remuneration disclosed includes remuneration of the Board members, the Group Chief Executive and the Executive Officers.

	2013 £000s	2012 £000s
Non executive board members	**81.0**	75.8
Executives' emoluments (including pension contributions)	**1,074.4**	1,005.2
Compensation for loss of office (including pension contributions)	**391.7**	-
	1,547.1	1,081.0

	2013 No.	2012 No.
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**5**	2
Defined benefit schemes	**1**	2

The Chief Executive of the Group was a member of the defined contribution pension scheme with no special benefits.

Tenant Board member hold tenancies on normal commercial terms and cannot use their position to their advantage.

The Chief Executive of the Group was the highest paid director in 2012/13 (excluding termination payments).

Notes

7. Surplus on sale of properties

Group	No. of units	2013 Sales value £m	2013 Cost of sales £m	2013 Surplus/ (deficit) £m	2012 Surplus/ (deficit) £m
Sales of previously rented properties	114	**32.1**	**(7.0)**	**25.1**	20.6
Sales to regeneration agencies/other RPs	365	**103.2**	**(96.8)**	**6.4**	0.7
Staircasing of shared ownership properties	94	**10.2**	**(8.3)**	**1.9**	0.3
Right to buy and right to acquire	1	**0.2**	**(0.2)**	**-**	-
Commercial	3	**0.5**	**(0.9)**	**(0.4)**	-
Other	-	**-**	**-**	**-**	(0.3)
Surplus on sale	**577**	**146.2**	**(113.2)**	**33.0**	21.3

Association	No. of units	2013 Sales value £m	2013 Cost of sales £m	2013 Surplus/ (deficit) £m	2012 Surplus/ (deficit) £m
Sales of previously rented properties	114	**32.1**	**(7.0)**	**25.1**	20.6
Sales to other group entities	311	**13.2**	**(13.2)**	**-**	-
Sales to regeneration agencies/other RPs	365	**103.2**	**(96.8)**	**6.4**	0.7
Staircasing of shared ownership properties	94	**10.2**	**(8.3)**	**1.9**	0.3
Right to buy and right to acquire	1	**0.2**	**(0.2)**	**-**	-
Commercial	3	**0.5**	**(0.9)**	**(0.4)**	-
Other	-	**-**	**-**	**-**	(0.3)
Surplus on sale	**888**	**159.4**	**(126.4)**	**33.0**	21.3

Notes

8. Net interest payable and similar charges

a) Other interest receivable and similar income	2013 Group £m	2012 Group £m	2013 Association £m	2012 Association £m
Bank interest	0.3	0.6	0.3	0.6
Receivable from group undertakings	-	-	2.6	3.6
Other	-	0.4	-	-
	0.3	1.0	2.9	4.2

b) Other finance costs	2013 Group £m	2012 Group £m	2013 Association £m	2012 Association £m
Expected return on pension scheme assets	2.5	1.4	2.5	1.4
Interest on pension scheme liabilities	(2.4)	(2.4)	(2.4)	(2.4)
	0.1	(1.0)	0.1	(1.0)

Interest has been capitalised into tangible fixed assets at a rate of 5.05% (2012: 4.80%).

Notes

c) Interest payable and similar charges

	2013 Group £m	2012 Group £m	**2013 Association £m**	2012 Association £m
On bank loans and overdrafts	**(64.4)**	(60.5)	**(20.4)**	(13.2)
Payable to group undertakings	**-**	-	**(43.9)**	(46.9)
Less capitalised interest (see below)	**15.2**	17.0	**12.6**	13.9
Amortisation of loan premium	**1.2**	-	**1.0**	-
Amortisation of loan arrangement costs	**(1.1)**	0.1	**(0.9)**	0.5
	(49.1)	(43.4)	**(51.6)**	(45.7)

Interest has been capitalised into tangible fixed assets at a rate of 5.05% (2012: 4.80%).

d) Net interest payable and similar charges

	2013 Group £m	2012 Group £m	**2013 Association £m**	2012 Association £m
Other interest receivable and similar income	**0.3**	1.0	**2.9**	4.2
Other finance costs	**0.1**	(1.0)	**0.1**	(1.0)
Interest payable and similar charges	**(49.1)**	(43.4)	**(51.6)**	(45.7)
Net interest payable and similar charges	**(48.7)**	(43.4)	**(48.6)**	(42.5)

Notes

9. Taxation

Analysis of charge in period

	2013 Group £m	2012 Group £m	2013 Association £m	2012 Association £m
UK corporation tax				
Current tax on income for the period	**0.9**	-	**0.9**	-
Total current tax	**0.9**	-	**0.9**	-
Deferred tax (see note 14)				
Origination of timing differences	**-**	-	**-**	-
Total deferred tax	**-**	-	**-**	-
Tax on surplus on ordinary activities	**-**	-	**-**	-

Factors affecting the tax charge for the current period

	2013 Group £m	2012 Group £m	2013 Association £m	2012 Association £m
Current tax reconciliation				
Surplus on ordinary activities before taxation	**44.3**	26.4	**43.2**	21.0
Current tax at 24% (2012: 26%)	**10.6**	6.9	**10.4**	5.5
Expenses not deductible for tax purposes	**0.1**	0.1	**-**	-
Surplus recovered by charitable exemption	**(9.4)**	(4.8)	**(9.3)**	(4.9)
Income not subject to corporation tax	**(0.2)**	(2.0)	**-**	-
Utilisation of tax losses	**-**	(0.3)	**-**	-
Unutilised losses carried forward	**-**	0.7	**-**	-
Adjustment – pension contributions	**(0.2)**	(0.6)	**(0.2)**	(0.6)
	0.9	-	**0.9**	-

No deferred tax asset has been recognised in relation to taxable losses as the Group is not expected to make sufficient taxable profits in the future to utilise these losses.

Notes

10. Tangible fixed assets

Group	Housing properties held for letting	Housing properties under construction	Low cost home ownership properties	Low cost home ownership properties under contruction	Total
	£m	£m	£m	£m	£m
Cost					
At beginning of year	**1,899.8**	**347.2**	**413.5**	**32.1**	**2,692.6**
Additions – work done	**21.7**	**58.6**	**-**	**41.2**	**121.5**
Disposals	**(17.8)**	**(85.0)**	**(35.7)**	**-**	**(138.5)**
Transfer between asset classes	**(125.4)**	**14.9**	**87.9**	**21.1**	**(1.5)**
Properties completed	**65.8**	**(65.8)**	**61.3**	**(61.3)**	**-**
At end of year	**1,844.1**	**269.9**	**527.0**	**33.1**	**2,674.1**
Capital grant					
At beginning of year	**943.0**	**95.7**	**114.7**	**9.7**	**1,163.1**
Received during year	**-**	**16.9**	**-**	**13.7**	**30.6**
Disposals	**(8.9)**	**-**	**(3.1)**	**-**	**(12.0)**
Transfer between asset classes	**(56.5)**	**39.0**	**13.5**	**3.7**	**(0.3)**
Transfer on completion	**32.4**	**(32.4)**	**14.2**	**(14.2)**	**-**
At end of year	**910.0**	**119.2**	**139.3**	**12.9**	**1,181.4**
Depreciation and impairment					
At beginning of year	**47.4**	**33.5**	**-**	**-**	**80.9**
Depreciation charge	**13.1**	**-**	**-**	**-**	**13.1**
Transfer between asset classes	**2.6**	**(17.1)**	**-**	**-**	**(14.5)**
Net impairment (release)	**-**	**(2.2)**	**-**	**-**	**(2.2)**
On disposals	**(2.2)**	**-**	**-**	**-**	**(2.2)**
At end of year	**60.9**	**14.2**	**-**	**-**	**75.1**
Net book value					
At 31 March 2013	**873.2**	**136.5**	**387.7**	**20.2**	**1,417.6**
At 31 March 2012	909.4	218.0	298.8	22.4	1,448.6

Notes

10. Tangible fixed assets (continued)

Association	Housing properties held for letting	Housing properties under construction	Low cost home ownership properties	Low cost home ownership properties under contruction	Total
	£m	£m	£m	£m	£m
Cost					
At beginning of year	**1,898.1**	**310.5**	**409.1**	**32.4**	**2,650.1**
Additions – work done	**21.4**	**107.1**	**-**	**42.8**	**171.3**
Disposals	**(16.3)**	**(100.2)**	**(35.7)**	**-**	**(152.2)**
Transfer between asset classes	**(123.0)**	**14.4**	**87.9**	**18.8**	**(1.9)**
Properties completed	**65.8**	**(65.8)**	**61.3**	**(61.3)**	**-**
At end of year	**1,846.0**	**266.0**	**522.6**	**32.7**	**2,667.3**
Capital grant					
At beginning of year	**941.5**	**95.7**	**114.7**	**9.7**	**1,161.6**
Received during year	**-**	**16.9**	**-**	**13.7**	**30.6**
Disposals	**(7.4)**	**-**	**(3.1)**	**-**	**(10.5)**
Transfer between asset classes	**(56.5)**	**39.0**	**13.5**	**3.7**	**(0.3)**
Transfer on completion	**32.4**	**(32.4)**	**14.2**	**(14.2)**	**-**
At end of year	**910.0**	**119.2**	**139.3**	**12.9**	**1,181.4**
Depreciation and impairment					
At beginning of year	**48.5**	**23.8**	**-**	**-**	**72.3**
Depreciation charge	**13.1**	**-**	**-**	**-**	**13.1**
Transfer between asset classes	**2.6**	**(17.1)**	**-**	**-**	**(14.5)**
Net impairment (release)	**-**	**(2.2)**	**-**	**-**	**(2.2)**
On disposals	**(2.2)**	**-**	**-**	**-**	**(2.2)**
At end of year	**62.0**	**4.5**	**-**	**-**	**66.5**
Net book value					
At 31 March 2013	**874.0**	**142.3**	**383.3**	**19.8**	**1,419.4**
At 31 March 2012	908.1	191.0	294.4	22.7	1,416.2

Notes

The net book value of land and buildings comprises:

	2013 Group £m	2012 Group £m	**2013 Association £m**	2012 Association £m
Freehold	**1,363.6**	1,394.6	**1,365.4**	1,362.2
Leasehold	**54.0**	54.0	**54.0**	54.0
	1,417.6	1,448.6	**1,419.4**	1,416.2

Capitalisation of major repairs
During the year, expenditure on major repairs and improvements were capitalised into fixed assets as follows:

	2013 Group £m	2012 Group £m	**2013 Association £m**	2012 Association £m
Spend on major repairs on existing properties	**15.8**	14.9	**15.8**	14.9
Capitalised*	**(14.9)**	(13.3)	**(14.9)**	(13.3)
	0.9	1.6	**0.9**	1.6

** components £14m, improvements £0.9m*

	2013 Group £m	2012 Group £m	**2013 Association £m**	2012 Association £m
Total amount of SHG receivable	**1,181.4**	1,099.7	**1,181.4**	1,098.2

The policy is to recognise units as completed for accounting purposes only when a development is completed and all homes in a phase handed over.

Housing properties have been subject to an impairment review. Value in use is based upon net present values, using a discount rate of 4.5% (2011: 4.5%) and an appraisal period of 60 years plus a terminal value. Properties are written down to the recoverable amount where there is evidence of impairment.

Notes

11. Fixed assets investments

a) Subsidiary undertakings
The undertakings in which the Association's interest at the year end is more than 20% are as follows:

Subsidiary undertakings	Country of incorporation	Principal activity	Class and percentage of shares held
Springboard Two Housing Association Limited	United Kingdom	Registered provider	Nil-managed on a unified basis
Genesis Community Foundation	United Kingdom	Charity-social regeneration	Nil-managed on a unified basis
Genfinance Limited	United Kingdom	Treasury	Ordinary – 100%
Genfinance II plc	United Kingdom	Bond issuance	Ordinary – 100%
Geninvest Limited	United Kingdom	Non-regulated investments	Ordinary – 100%
Genesis Purchasing Limited	United Kingdom	Procurement	Ordinary – 100%
Genesis Homes Limited	United Kingdom	Dormant	Ordinary – 100%
Larden New Homes Limited	United Kingdom	Acquisition and development of site at Larden Road	Ordinary – 100%
European Urban St Pancras 2 Limited	United Kingdom	Property development	Ordinary – 100%
Pathmeads Residential Limited	United Kingdom	Property management	Ordinary – 100%
Central Chelmsford Development Agency Limited*	United Kingdom	Property development and investment	Ordinary – 100%
Stoke Quay New Homes Limited	United Kingdom	Property development and investment	Ordinary – 100%
Choices for Grahame Park Limited*	United Kingdom	Acquisition and development of site at Grahame Park	Ordinary – 100%
Pathmeads Property Services Limited	United Kingdom	Property repairs and maintenance	Ordinary – 100%
Genesis Housing Management Limited	United Kingdom	Dormant	Ordinary – 100%
Eastwards Trust	United Kingdom	Charity	Nil-managed on a unified basis

* *held indirectly*

Notes

b) Associated undertakings

Participating interests	Country of incorporation	Principal activity	Class and percentage of shares held
Logic Homes Limited	United Kingdom	Joint venture with house builders and architects	Ordinary – 16.6%
Low C Living Limited*	United Kingdom	Dormant	Ordinary – 33.3%

c) Joint ventures

Participating interests	Country of incorporation	Principal activity	Percentage
Quintessential Homes (Wembley) LLP*	United Kingdom	Property development	25%

* *held indirectly*

The Group's share of assets and liabilities of this joint venture is as follows:

	2013 £m	2012 £m
Share of assets		
Share of current assets	**1.9**	2.6
Share of liabilities		
Liabilities due within one year or less	**(0.3)**	(0.6)
Share of net assets	**1.6**	2.0

Notes

11. Fixed assets investments (continued)

Cost and valuation

	2013 Group £m	2013 Association £m
Commercial properties		
At beginning of year	32.2	28.8
Transfers between asset classes	4.4	1.5
Cost and valuation	36.6	30.3

Listed investments at market value

Group	2013 £m
At beginning of year	1.1
Investments made in year	1.5
At end of year	2.6

Notes

12. Other fixed assets

Group	Freehold office premises £m	Office improvements £m	Motor vehicles £m	Furniture and computer equipment £m	Total £m
Cost					
At beginning of year	**8.9**	**4.0**	**0.2**	**11.0**	**24.1**
Additions	**-**	**0.1**	**-**	**2.7**	**2.8**
Disposals	**-**	**-**	**(0.1)**	**(0.1)**	**(0.2)**
Reclassification	**-**	**-**	**-**	**(4.2)**	**(4.2)**
At end of year	**8.9**	**4.1**	**0.1**	**9.4**	**22.5**
Capital grant					
At beginning and end of year	**1.3**	**-**	**-**	**-**	**1.3**
Depreciation					
At beginning of year	**1.9**	**2.6**	**0.2**	**6.9**	**11.6**
Charge for year	**0.2**	**0.7**	**-**	**1.4**	**2.3**
Disposals	**-**	**-**	**(0.1)**	**(0.1)**	**(0.2)**
Reclassification	**-**	**-**	**-**	**(2.6)**	**(2.6)**
At end of year	**2.1**	**3.3**	**0.1**	**5.6**	**11.1**
Net book value					
At 31 March 2013	**5.5**	**0.8**	**-**	**3.8**	**10.1**
At 31 March 2012	5.7	1.4	-	4.1	11.2

Notes

12. Other fixed assets (continued)

Association	Freehold office premises £m	Office improvements £m	Furniture and computer equipment £m	Total £m
Cost				
At beginning of year	**8.9**	**3.9**	**10.8**	**23.6**
Additions	**-**	**0.1**	**2.6**	**2.7**
Disposals	**-**	**-**	**(0.1)**	**(0.1)**
Reclassification	**-**	**-**	**(4.2)**	**(4.2)**
At end of year	**8.9**	**4.0**	**9.1**	**22.0**
Capital grant				
At beginning and end of year	**1.3**	**-**	**-**	**1.3**
Depreciation				
At beginning of year	**1.9**	**2.5**	**6.7**	**11.1**
Charge for year	**0.2**	**0.7**	**1.3**	**2.2**
Disposals	**-**	**-**	**(0.1)**	**(0.1)**
Reclassification	**-**	**-**	**(2.6)**	**(2.6)**
At end of year	**2.1**	**3.2**	**5.3**	**10.6**
Net book value				
At 31 March 2013	**5.5**	**0.8**	**3.8**	**10.1**
At 31 March 2012	5.7	1.4	4.1	11.2

Notes

13. Housing properties, stock for resale and work in progress

Group	2013 Unit nos.	2012 Unit nos.	2013 £m	2012 £m
Cost				
Low cost home-ownership properties – for sale	**83**	99	**4.1**	5.9
Low cost home ownership properties – under construction			**15.2**	16.2
Outright sale properties – for sale	**15**	67	**2.7**	8.0
Outright sale properties – under construction			**63.1**	71.4
Commercial properties – for sale	**18**	41	**6.2**	10.8
Commercial properties – under construction			**-**	0.7
Land for sale			**20.2**	3.9
Other			**-**	0.4
			111.5	117.3
Stock write down				
At beginning of year			**3.3**	8.6
Transfers during year			**17.1**	(4.7)
Release for year			**(1.4)**	(0.6)
At end of year			**19.0**	3.3
Net book value			**92.5**	114.0

13. Housing properties, stock for resale and work in progress (continued)

Association	2013 Unit nos.	2012 Unit nos.	2013 £m	2012 £m
Cost				
Low cost home-ownership properties – for sale	**83**	99	**4.1**	5.9
Low cost home ownership properties – under construction			**14.1**	13.9
Outright sale properties – for sale	**1**	10	**0.2**	2.4
Outright sale properties – under construction			**47.7**	58.0
Commercial properties – for sale	**18**	41	**6.2**	10.8
Commercial properties – under construction			**-**	0.6
Land for sale			**20.2**	3.8
Other			**-**	0.4
			92.5	95.8
Stock write down				
At beginning of year			**3.3**	0.9
Transfers during year			**17.1**	3.0
Release for year			**(1.4)**	(0.6)
At end of year			**19.0**	3.3
Net book value			**73.5**	92.5

Notes

14. Debtors

Amounts receivable within one year	2013 Group £m	2012 Group £m	2013 Association £m	2012 Association £m
Rent and service charge arrears	**31.5**	26.6	**31.5**	26.4
Provision for bad and doubtful debts	**(9.6)**	(10.5)	**(9.6)**	(10.5)
	21.9	16.1	**21.9**	15.9
Amounts owed by group undertakings	**-**	-	**22.0**	326.0
Trade debtors	**7.4**	4.9	**7.3**	3.7
Other debtors	**19.4**	43.4	**16.0**	24.5
Deferred tax assets	**-**	0.1	**-**	-
Prepayments and accrued income	**5.6**	1.9	**4.5**	1.6
	54.3	66.4	**71.7**	371.7

Amounts receivable after more than one year	2013 Group £m	2012 Group £m	2013 Association £m	2012 Association £m
Amounts owed by group undertakings	**-**	-	**23.9**	52.8
Other debtors	**2.3**	1.6	**2.3**	1.6
	2.3	1.6	**26.2**	54.4

Deferred tax assets

Group	2013 £m	2012 £m
In respect of tax losses		
At beginning of year	**0.1**	0.1
Utilised in year	**(0.1)**	-
At the end of year	**-**	0.1

Notes

15. Investments (held as current assets)

	2013 Group £m	2012 Group £m	2013 Association £m	2012 Association £m
Other investments	**35.2**	31.9	**35.2**	31.9

Included in the above are cash at bank and investments charged to lenders of £33.1m (2012: £29.8m) and cash at bank held for leaseholders of £2.1m (2012: £2.1m). It is anticipated that the cash at bank and investments charged to lenders will be released from charge within one year.

16. Creditors: amounts falling due within one year

	2013 Group £m	2012 Group £m	2013 Association £m	2012 Association £m
Housing loans	**3.5**	12.0	**1.7**	2.2
Bank overdrafts	**-**	0.1	**-**	-
Trade creditors	**3.2**	2.3	**2.5**	1.8
Amounts owed to group undertakings	**-**	-	**27.2**	302.7
Taxation and social security	**1.8**	17.2	**1.7**	17.2
Other creditors	**25.8**	12.2	**24.3**	10.5
Recycled capital grant fund (note 17c)	**0.6**	8.0	**0.6**	8.0
Disposal proceeds fund (note 17c)	**1.7**	1.7	**1.7**	1.7
Accruals and deferred income	**42.5**	36.1	**29.4**	25.2
	79.1	89.6	**89.1**	369.3

Notes

17. Creditors: amounts falling due after more than one year

	2013 Group £m	2012 Group £m	2013 Association £m	2012 Association £m
Housing loans	**1,162.2**	1,229.9	**385.0**	194.1
Bonds	**253.2**	200.0	**-**	-
Total housing loans (see below)	**1,415.4**	1,429.9	**385.0**	194.1
Amounts owed to group undertakings	**-**	-	**1,037.6**	1,247.1
Other creditors	**0.3**	-	**-**	-
Recycled capital grant fund (see below)	**10.6**	9.8	**10.6**	9.8
Disposal proceeds fund (see below)	**0.6**	1.8	**0.6**	1.8
Cyclical and major repairs fund	**5.5**	5.0	**5.6**	5.0
Shared ownership sinking fund	**0.6**	0.6	**0.6**	0.6
	1,433.0	1,447.1	**1,440.0**	1,458.4

Notes

17. Creditors: amounts falling due after more than one year (continued)

The maturity of the housing loans is as follows:

a) Housing loans

Housing loans from banks, building societies and other lending institutions are secured by specific charges on the Group's housing properties and are repayable at varying rates of interest as follows:

Group	Nominal value £m	Fair value adjustment £m	Less capitalised loan costs £m	2013 £m	2012 £m
Repayable by instalments					
Within one year	**3.5**	**-**	**-**	**3.5**	2.0
In the second to fifth years	**88.7**	**-**	**-**	**88.7**	37.3
Over five years	**965.1**	**-**	**-**	**965.1**	1,049.2
	1,057.3	**-**	**-**	**1,057.3**	1,088.5
Not repayable by instalments					
Within one year	**-**	**-**	**-**	**-**	10.0
In the second to fifth years	**6.0**	**-**	**-**	**6.0**	41.5
Over five years	**98.0**	**15.0**	**(10.6)**	**102.4**	101.9
	104.0	**15.0**	**(10.6)**	**108.4**	153.4

Notes

b) Bonds

	2013 Group £m	2012 Group £m	2013 Association £m	2012 Association £m
Not repayable by instalments	**250.0**	200.0	**-**	-
Bond premium	**4.9**	-	**-**	-
Capitalised loan costs	**(1.7)**	-	**-**	-
Total	**253.2**	200.0	**-**	-

At 31 March 2013, the fair value of the bonds was £299.8m (2012: £222.6m).

c) Recycled capital grant fund and disposal proceeds fund

Recycled capital grant fund

	2013 Group £m	2012 Group £m	2013 Association £m	2012 Association £m
Due within one year	**0.6**	8.0	**0.6**	8.0
Due after more than one year	**10.6**	9.8	**10.6**	9.8
	11.2	17.8	**11.2**	17.8

Notes

17. Creditors: amounts falling due after more than one year (continued)

Disposal proceeds fund

	2013 Group £m	2012 Group £m	**2013 Association £m**	2012 Association £m
Due within one year	**1.7**	1.7	**1.7**	1.7
Due after more than one year	**0.6**	1.8	**0.6**	1.8
	2.3	3.5	**2.3**	3.5

Recycled capital grant fund

	Group £m	**Association £m**
Reconciliation of movement during year:		
At beginning of year	**17.8**	**17.8**
Grant recycled into new schemes	**5.6**	**5.6**
Utilised during the year	**(12.2)**	**(12.2)**
At end of year	**11.2**	**11.2**

Disposal proceeds fund

	Group £m	**Association £m**
Reconciliation of movement during year:		
At beginning of year	**3.5**	**3.5**
Grant recycled into new schemes	**0.2**	**0.2**
Utilised during the year	**(1.4)**	**(1.4)**
At end of year	**2.3**	**2.3**

Notes

d) Derivative transactions
The Group has entered into financial derivative contracts as follows:

	2013		2012	
	Total notional principal £m	**Fair value £m**	Total notional principal £m	Fair value £m
Interest rate swaps without options	**350.0**	**(106.6)**	185.5	(89.4)
Total	**350.0**	**(106.6)**	185.5	(89.4)

Financial risk management

Risk management objectives and policies
The Genesis Housing Association Corporate Finance team is responsible for the management funds and control of associated risks. Its activities are governed by the Group Board and the Board of Genfinance Limited, which is responsible for treasury issues in all Group legal entities.

Interest rate risk management
The Group manages it's exposure to fluctuations in interest rates with a view to managing its interest costs in line with long term financial planning targets and primarily to create stability of costs, revenue and surplus. The Group achieves these objectives by prudent use of financing and hedging instruments, methods and techniques.

Counterparty/credit risk management
The failure of a provider of a credit facility, deposit taker, money transmission provider or derivatives counterparty to fulfil its contractual obligations when they fall due, or reduction in their creditworthiness, may result in a financial loss or liquidity problem for the group, perhaps even a default. The Group maintains a formal counterparty credit limits policy in respect of those organisations from which it draws funds on committed facilities, or with whom it may enter into derivative transactions, or with whom funds may be deposited.

Market risk
The Group does not have any financial instrument's recorded at fair value on an on-going basis and is not subject to any material market risk.

Liquidity risk management
The Group ensures it has adequate, though not excessive, cash resources, borrowing arrangements, overdraft or standby facilities to enable it at all times to have the level of funds available to it which are necessary for the achievement of its business and service objectives. The Group takes account of economic and financial market conditions in considering its liquidity requirement.

The fair values of the financial derivative contracts have not been recognised in either the Group's Income and Expenditure Account or Balance Sheet.

During the financial year, the Group entered into transactions to remove all cancellable options from existing derivative contracts, embed RPI contracts into loan agreements and reduce swap portfolio mark to

Notes

17. Creditors: amounts falling due after more than one year (continued)

market exposure.

The only standalone derivatives open at year end are vanilla interest-rate swaps, entered into to hedge against movements in the cost of floating-rate debt. They are accounted for as 'cash flow hedges' under the terms of FRS 26 although Genesis Housing Association does not apply FRS 26 as outside the scope. Cash flows under these hedges will occur in the same periods as the underlying interest payments on floating-rate borrowings and will be reported at cost at the time on an accruals basis.

Hedging position

At 31 March 2013 the Group's borrowings were hedged as follows:

	Principal £m	**2013 Percentage %**	Principal £m	2012 Percentage %
Interest rates fixed for more than 12 months	**1,161.1**	**82**	732.3	51
Interest rates linked to RPI	**5.1**	**0**	80.9	6
Fixed interest rates with lender's option to cancel	**-**	**0**	-	0
Capped interest rates	**180.0**	**13**	75.0	5
	1,346.2		888.2	
Floating rate (interest rates fixed for less than 12 months)	**65.0**	**5**	539.0	38
	1,411.2	**100**	1,427.2	100

Notes

18. Provisions for liabilities

	2013 Group £m	2013 Association £m
At beginning of year	**3.6**	**3.6**
Utilised during the year	**(0.9)**	**(0.9)**
At end of year	**2.7**	**2.7**

The Group has an obligation under certain temporary housing and office leases with landlords to make good dilapidations to properties under short leasehold for letting when they are handed back. The provision is based on the Group's estimated liability for dilapidation costs at the end of the lease.

19. Reserves

Group	Restricted reserve £m	Revenue reserve £m	Total £m
At beginning of year	**1.1**	**215.2**	**216.3**
Surplus for the year	**-**	**43.4**	**43.4**
Other movements	**-**	**(0.5)**	**(0.5)**
Actuarial loss recognised in the pension schemes	**-**	**(0.2)**	**(0.2)**
Transfers	**1.8**	**(1.8)**	**-**
At end of year	**2.9**	**256.1**	**259.0**

Association	Restricted reserve £m	Revenue reserve £m	Total £m
At beginning of year	**-**	**214.9**	**214.9**
Surplus for the year	**-**	**42.8**	**42.8**
Other movements	**0.2**	**-**	**0.2**
Actuarial loss recognised in the pension schemes	**-**	**(0.2)**	**(0.2)**
At end of year	**0.2**	**257.5**	**257.7**

Restricted reserves

Restricted reserves relate to funds received by Genesis Community Foundation which will be used in the furtherance of the charitable objectives of the donor, The Knowles Charitable Trust.

Notes

20. Members

Association	2013 No.	2012 No..
At beginning of year	**83**	33
Shares issued on amalgamation	**-**	51
Shares cancelled	**(1)**	(1)
At end of year	**82**	83

Each share has a nominal value of £1 which carries no right to interest, dividend or bonus. When a shareholder ceases to be a shareholder, the share is cancelled and the amount paid up becomes the property of the Association.

21. Commitments

a) Capital commitments

Capital commitments at the end of the financial year for which no provision has been made, are as follows:

	2013 Group £m	2012 Group £m	2013 Association £m	2012 Association £m
Contracted for and not provided	**239.9**	170.7	**125.4**	170.5
Authorised by the Board and not yet contracted for	**-**	75.8	**-**	75.8

The Group expects to finance the above contracted commitments by:

	2013 Group £m	2012 Group £m	2013 Association £m	2012 Association £m
Proceeds from property sales	**126.3**	141.0	**88.1**	125.3
Capital grant receivable	**9.8**	12.1	**9.8**	12.1
Cash and available loan facilities	**103.8**	17.6	**27.5**	33.1
	239.9	170.7	**125.4**	170.5

At 31 March 2013, the Group has cash and borrowing facilities available of £277m (2012: £242m).

Notes

b) Annual commitments under non-cancellable operating leases are as follows:

Group	**2013**		2012	
	Land and buildings £m	**Other £m**	Land and buildings £m	Other £m
Operating leases which expire:				
Within one year	**12.5**	**0.3**	4.9	-
In the second to fifth years inclusive	**36.0**	**0.3**	37.6	-
Over five years	**5.2**	**-**	0.3	-
	53.7	**0.6**	42.8	-

Association	**2013**		2012	
	Land and buildings £m	**Other £m**	Land and buildings £m	Other £m
Operating leases which expire:				
Within one year	**12.5**	**-**	4.9	-
In the second to fifth years inclusive	**36.0**	**-**	37.6	-
Over five years	**5.2**	**-**	0.3	-
	53.7	**-**	42.8	-

Notes

22. Housing units and bedspaces

Group	2013 Group Units	2012 Group Units	2013 Association Units	2012 Association Units
Under development on site at end of year				
Units for rent	**1,113**	2,041	**525**	1,171
Low cost home ownership units	**291**	324	**219**	228
Outright sales units	**550**	469	**422**	276
	1,954	2,834	**1,166**	1,675
Under management at end of year				
General needs units owned (social)	**14,533**	14,675	**14,533**	14,675
General needs units owned (affordable)	**95**	57	**95**	57
General needs units managed on behalf of others	**1,265**	1,977	**1,265**	1,977
Supported housing and housing for older people	**2,964**	2,861	**2,964**	2,708
Temporary housing units	**3,447**	3,518	**3,447**	3,518
Low cost home ownership and other leased units	**5,947**	5,640	**5,947**	5,640
Key worker accommodation	**1,454**	1,211	**1,454**	1,211
Other – non social housing:				
Market let	**183**	90	**183**	90
Intermediate rent	**693**	715	**693**	715
Managed for private landlords	**2,281**	2,116	**2,281**	2,115
Commercial	**63**	95	**63**	95
	32,925	32,955	**32,925**	32,802
Units owned but managed by others	**1,197**	675	**1,197**	675

Notes

23. Pension schemes

During the year the Group was involved with four pension schemes.

Genesis Housing Association operated two schemes:

a) A scheme which is closed to new employees with effect from 1 June 1996, which is a defined benefit scheme (the PCHA 2001 Pension Scheme) with Scottish Widows plc. Contributions to the scheme are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

   A full actuarial valuation was carried out as at 31 March 2010. At that date, the funding level was 89.1% with a past service deficit of £3.7m. The trustees closed the scheme to future benefit accrual from 31 March 2013 and active members ceased membership of the scheme. Genesis made a payment of £1,500,000 before 1 April 2012 and will make an annual contribution of £700,000 annually from 1 April 2013 to 1 April 2015 to fund the past service deficit. The next full actuarial valuation will be as at 31 March 2013.

   The Group's contributions to the scheme amounted to £700,000 (2012: £2,251,000), which includes an annual contribution of £700,000 (2012: £1,985,000).

b) A scheme, open to all employees starting from 1 June 1996, which is a money purchase scheme with AXA into which the employee and the Group each contribute between 3.5% and 7.5% of salary.

   Employees in this scheme are contracted into the State Earnings Related Pension Scheme. On 4th June 2013 The Board approved the recommendation to close the scheme from 1st July 2013.

   The charge to the Group for the year was £1,028,000 (2012: £793,000).

In addition, Genesis Housing Association participated in the following two schemes:

c) A defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 1997, as amended. The Group's contributions to the London Pensions Fund Authority Scheme ("LPFA") for two groups of staff amounted to £50,000 (2012: £52,000).

d) The Social Housing Pension Scheme ("SHPS"), which is a multi-employer defined benefit scheme including Genesis Housing Association Limited. The Scheme is funded and is contracted out of the state scheme. The total contributions for the year amounted to £459,000 (2012: £676,000).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

Notes

23. Pension schemes (continued)

PCHA 2001 pension scheme
Employee benefit obligations

The amounts recognised in the balance sheet are as follows:

	2013 £m	2012 £m
Present value of funded obligations	**46.1**	43.3
Fair value of plan assets	**(39.0)**	(35.7)
Net liability	**7.1**	7.6
Amounts in the balance sheet		
Liabilities	**(7.1)**	(7.6)

The amounts recognised in surplus are as follows:

	2013 £m	2012 £m
Current service cost	**-**	0.2
Interest on obligation	**2.0**	2.0
Expected return on plan assets	**(2.1)**	(1.9)
Losses on curtailments and settlements	**-**	(0.9)
Total	**(0.1)**	(0.6)
Actual return on plan assets	**3.3**	1.8

Notes

Changes to the present value of the defined benefit obligation are as follows:

	2013 £m	2012 £m
Opening defined benefit obligation	**43.3**	35.5
Service cost	**-**	0.3
Interest cost	**2.0**	2.0
Actuarial losses	**1.5**	7.3
(Losses) on curtailments and settlements	**-**	(0.9)
Benefits paid	**(0.7)**	(0.9)
Closing defined benefit obligation	**46.1**	43.3

Changes in the fair value of plan assets are as follows:

	2013 £m	2012 £m
Opening fair value of plan assets	**35.7**	32.5
Expected return	**2.1**	1.9
Actuarial gains/(losses)	**1.2**	(0.1)
Contribution by members	**-**	0.1
Contribution by employer	**0.7**	2.2
Benefits paid	**(0.7)**	(0.9)
Closing fair value of plan assets	**39.0**	35.7

The Group expects to contribute £0.7m in 2014.

Notes

23. Pension schemes (continued)

The major categories of plan assets as a percentage of total plan assets are as follows:

	2013	2012
UK equities	**18%**	17%
FTSE guaranteed equity notes	**12%**	12%
Overseas equities	**7%**	6%
Bonds	**46%**	45%
Property	**1%**	1%
Other	**11%**	10%
Cash	**5%**	9%

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2013	2012
Discount rate at 31 March	**4.3%**	4.6%
Expected return on plan assets at 31 March	**6.0%**	6.0%
Future salary increases	**0%**	3.8%
Future pension increases	**3.25%**	3.3%

Notes

Amounts for the current and previous four periods are as follows:

	2013 **£m**	2012 £m	2011 £m	2010 £m	2009 £m
Defined benefit obligation	**(46.1)**	(43.3)	(35.5)	(37.3)	(32.7)
Plan assets	**39.0**	35.7	32.5	30.7	24.6
(Deficit)	**(7.1)**	(7.6)	(3.0)	(6.6)	(8.1)
Experience adjustments on plan liabilities	**-**	(0.4)	1.3	(0.6)	(0.1)
Experience adjustments on plan assets	**1.0**	(0.1)	(0.1)	4.5	(6.5)

Notes

23. Pension schemes (continued)

LPFA

Employee benefit obligations

The amounts recognised in the balance sheet are as follows:

	2013 £m	2012 £m
Present value of funded obligations	**9.2**	9.3
Fair value of planned assets	**(7.8)**	(7.8)
	1.4	1.5
Present value of unfunded obligations	**0.1**	0.1
Net liability	**1.5**	1.6
Amounts in the balance sheet		
Liabilities	**(1.5)**	(1.6)

Notes

The amounts recognised in surplus are as follows:

	2013 £m	2012 £m
Current service cost	**0.1**	0.1
Interest on obligation	**0.4**	0.4
Expected return on plan assets	**(0.4)**	(0.5)
Change in past service cost from RPI to CPI change	**-**	-
Total	**0.1**	-
Actual return on plan assets	**1.0**	0.1

Changes in the present value of the defined benefit obligation are as follows:

	2013 £m	2012 £m
Opening defined benefit obligation	**9.3**	8.4
Service cost	**0.1**	0.1
Interest cost	**0.4**	0.4
Actuarial losses	**0.5**	1.2
Benefits paid	**(1.1)**	(0.8)
Closing defined benefit obligation	**9.2**	9.3

In the year to 31 March 2013, the estimated amount of unfunded pensions paid was £4,000.

Notes

23. Pension schemes (continued)

Changes in the fair value of plan assets are as follows:

	2013 £m	2012 £m
Opening fair value of plan assets	**7.8**	8.4
Expected return	**0.4**	0.6
Actuarial gains/(losses)	**0.6**	(0.5)
Contribution by employer	**-**	0.1
Benefits paid	**(1.0)**	(0.8)
Closing fair value of plan assets	7.8	7.8

The Group expects to contribute £50,000 in 2013/14.

The major categories of plan assets as a percentage of total plan assets are as follows:

	2013	2012
UK equities	**73%**	73%
Bonds	**10%**	12%
Alternative assets	**15%**	14%
Cash	**2%**	1%

Notes

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	2013	2012
Discount rate at 31 March	**4.3%**	4.6%
Expected return on plan assets at 31 March	**5.6%**	5.9%
Future salary increases	**4.2%**	4.2%
Future pension increases	**2.5%**	2.5%

Amounts for the current and previous four periods are as follows:

	2013 £m	2012 £m	2011 £m	2010 £m	2009 £m
Defined benefit obligation	**(9.2)**	(9.3)	(8.4)	(12.0)	(7.4)
Plan assets	**7.8**	7.8	8.4	8.6	6.1
(Deficit)	**(1.4)**	(1.5)	-	(3.4)	(1.3)
Experience adjustments on plan liabilities	**-**	-	2.3	-	-
Experience adjustments on plan assets	**0.6**	(0.5)	(0.5)	1.4	(2.2)

Notes

23. Pension schemes (continued)

Social Housing Pension Scheme ("SHPS")

The Association participates in the SHPS (the Scheme). The Scheme is funded and is contracted-out of the State Pension scheme.

It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the Scheme is a multi-employer scheme where the Scheme assets are co-mingled for investment purposes, and benefits are paid from total Scheme assets. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to address the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the Scheme was performed as at 30 September 2011 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £2,062m. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035m, equivalent to a past service funding level of 67.0%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2012. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The market value of the Scheme's assets at the date of the Actuarial Report was £2,327m. The Actuarial Report revealed a shortfall of assets compared with the value of liabilities of £1,241m, equivalent to a past service funding level of 65%.

The Association has been notified by The Pensions Trust of the estimated employer debt on withdrawal from SHPS based on the financial position of the Scheme as at 30 September 2011. As of this date the estimated employer debt was £44.2m.

Notes

24. Analysis of cash flows

Group	2013 £m	2012 £m
Returns on investment and servicing of finance		
Interest received	**0.3**	1.0
Interest paid	**(53.2)**	(61.4)
	(52.9)	(60.4)
Capital expenditure and financial investment		
Cash paid for construction and purchase of housing properties	**(113.1)**	(132.3)
Purchase of other tangible fixed assets	**(2.8)**	(2.2)
Sale of housing properties	**146.2**	38.3
Capital grant received	**34.3**	16.5
(Increase) in fixed asset investments	**(5.5)**	(25.5)
	59.1	(105.2)
Movement of liquid resources		
(Increase) in current asset investments	**(3.3)**	(14.3)
Financing		
New borrowings	**63.6**	124.1
Repayment of borrowings	**(87.8)**	(24.2)
Additional loan costs	**1.2**	-
	(23.0)	99.9

Notes

25. Analysis of net debt

Group	At beginning of the year £m	Cash flow £m	At end of year £m
Cash in hand and at bank	**56.8**	**72.8**	**129.6**
Overdrafts	**(0.1)**	**0.1**	**-**
	56.7	**72.9**	**129.6**
Debt due after one year	**(1,429.9)**	**14.5**	**(1,415.4)**
Debt due within one year	**(12.0)**	**8.5**	**(3.5)**
	(1,385.2)	**95.9**	**(1,289.3)**
Current asset investments	**31.9**	**3.3**	**35.2**
Total	**(1,353.3)**	**99.2**	**(1,254.1)**

26. Related party disclosures

The following related parties had outstanding balances at 31 March 2013 and had transactions during the year with the Group as follows:

Transactions with associates
Logic Homes Limited invoiced the Group £62,454 (2012: £153,218) for services provided. The Group invoiced Logic Homes Limited £14,400 (2010: £12,000) for office facilities. At 31 March 2013 £14,400 (2012: £nil) was due to Logic Homes Limited by the Group.

Transactions with joint ventures
There were no material transactions with joint ventures during the year.

27. Legislative provisions

Genesis Housing Association Limited is registered with the Financial Services Authority under the Industrial and Provident Societies Act 1965 (No 31241R) and with the Homes and Communities Agency (No 4655).

Genesis Housing Association Ltd

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Genesis Housing Association Ltd is a Charitable Industrial and Provident Society (reg no. 31241R) Genesis is a registered provider of social housing. HCA No. 4655