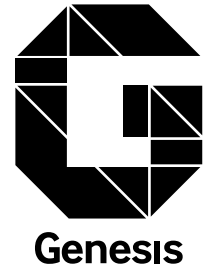


Annual Report &
Financial Statements
2016/17



A new
style
provider
for the
digital age

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Chairman's Foreword

*By Dipesh J. Shah, OBE
Chairman, Genesis Housing Association*

I am delighted to be presenting the 2016/17 Annual Report and the Financial Statements. In doing so, I wish to place on record my thanks to Charles Gurassa, the previous Chairman of Genesis, for his leadership at a time of great change for the organisation. Alongside Neil Hadden and his senior colleagues, he helped deliver a new and better Genesis. Thanks also to Colette O'Shea, who also left the Board last year due to work commitments.

This is my first report as the new Chairman of Genesis Housing Association, and the reporting year 2016/17 offers much in the way of activity, improvement and work of which we are justly proud. It coincided with a challenging external landscape – both in terms of UK politics and policy and within the housing association sector itself. And, while it did not occur in the reporting year, an appalling tragedy has caused many deaths and will lead to changes in house-building and investment for years to come. Grenfell will stand the test of time as a truly defining moment. We owe it to those who died, were injured or were bereaved to play our part in responding properly and with care.

A new style provider for the digital age – that is an appropriate title of this Annual Report and Financial Statements because it is also our vision as an organisation, as set out in our five-year Corporate Strategy. Adopted by my Board colleagues, it takes us to 2020 and will see a transformation in our customer

service approach, with a widening of ways customers can get what they need or want from us. That Corporate Strategy has set ambitious targets too on new homes built, many of which will be affordable. We are yet to reach the levels of new home output that the Board wants to see, but are reassured by the pipeline and on-site numbers.

We have invested record amounts in repairs and maintenance over the financial year, which – alongside sheer hard work by staff - has helped significantly improve customer service performance indicators. Our Care and Support business has done well. Temporary housing too remains an important part of our offer, but market conditions make it an increasingly challenging prospect.

I am proud also to report on another very strong year for our corporate social responsibility programmes and social and economic regeneration schemes. These really do matter. You can read about our achievements in this sphere on page 16.

I want to finish this foreword as I started – by thanking people who I have not known long but who have made a real impression. First, to my fellow Board members for welcoming me to the role of Chair. I look forward to working with them in the time ahead, especially as we embark on our merger journey with Notting Hill Housing. The proposal seeks to create a new and influential organisation bringing the best of both together to build something new, and I know my Board colleagues will scrutinise and strengthen the work we must do to launch the new entity successfully. Second, to Neil Hadden and his Executive and Senior Leadership Team colleagues for their navigation of Genesis through a challenging 12 months. And of course, to all Genesis staff and volunteers for the superb work each of them does each day on behalf our valued customers.

I hope you enjoy reading this Annual Report and Financial Statements.



“A new style provider for the digital age – that is an appropriate title of this Annual Report and Financial Statements because it is also our vision as an organisation”

Chief Executive's Report – *strength in turbulent times*

Almost every annual report tells how the previous reporting period has been 'challenging'. I am not going to buck that trend – 2016/17 exhibited all that word implies. But alongside that, it was also a year which I believe showed the best of Genesis.

First of all, I should mention the attempt to merge with Thames Valley Housing Association, which dominated much of the year. While that ended at a late stage, the learning from it stands us in good stead for future opportunities – indeed, it has been invaluable in our now advanced and public discussions with Notting Hill Housing. Genesis was created from a number of successful mergers and we move forward confident in our capacity to complete those that may lie ahead.

That confidence comes from our innovative approaches to how we do business. Our Corporate Strategy commitment to digitise our organisation moves on apace. As an example, our Genesis Customer app has now been downloaded over 9,000 times since its launch and is now used by many of our customers to do what they need to with us at a time convenient to them. This success is further underlined by the improvements in customer service in repairs and maintenance which we believe must be sustained and even bettered in the years ahead. Our Board and residents expect nothing less.

We can achieve these things because, fundamentally, Genesis is a strong organisation with sound foundations, despite policy shocks such as the 1% annual rent cut which the previous Coalition government imposed. This year,

we post a pre-tax surplus of £25m. That 'profit' on what we did in the 2016/17 financial year enables us to maintain our stock of social housing, which remains a priority for us as a social purpose business – and, crucially, to develop a strong pipeline of 1383 new homes at construction or pre-construction stage. This is in line with our Corporate Strategy objectives – and although we only completed 195 new homes in the year, we did so while largely closing down historic land-bank issues which were the millstone around our neck in the period following the 2009 crash. In my view, this is no mean feat. From next year, we will see a significant upswing in completions across multiple tenures, matching the needs of our existing and future customer base and making an important contribution to tackling the housing crisis.

And that crisis shows no sign of abating. The realities of Brexit are, of course, still to be felt, but we can envisage uncertainties in the financial markets, labour markets and supply chain.

Challenges such as these require us to respond – and we are doing so.

We have developed new means of financing schemes through LINQ and, while land on which to build new homes is a commodity that is harder than ever to secure, we are doing great work to do

precisely that in places like Colchester, Old Oak Common and Chelmsford. At Grahame Park in Barnet, North London, our place-shaping is at an exciting stage as we commence the phase two process that will create over 1000 new homes and help deliver what will be a new Colindale in years to come. Our private rented business is growing too – and so it must as more and more people decide that buying property is either simply not for them or out of reach, despite their hard work. Research shows the rapid change in the housing market – the private rental sector is on the up and we are positioned well to provide for those who want a landlord that takes its responsibilities seriously and at a price that is affordable.

What all of this demonstrates is that Genesis is a housing association that continues to thrive and innovate. We do so because we have accepted that we must be masters of our own destiny and must embrace and determine our own future. Gone are the days of 90% grant to fund low-cost rented housing. We must build market products to subsidise affordable homes for those who need them. We are proud of our social purpose. It is our golden thread and runs through everything we do. There are many examples of this. For instance, at Mildmay in Hackney we are building affordable homes alongside a world-famous HIV centre; our social and economic

regeneration team have helped to secure 195 jobs for our residents; we have created 809 volunteering places and achieved 44 apprenticeships. Genesis communities have received over £24,000 in small grants from our Genesis Community Foundation to help make their local area that bit better for them and their neighbours.

As we look to the future and all the opportunities – and yes, challenges – it presents, I believe we do so with real confidence. The terrible events in west London have mobilised the sector like never before – we must respond in the right way to an event that will change how we build new homes, improve and invest in our existing stock and make sure of their safety. Grenfell shows in the most stark and tragic terms the importance of fulfilling our obligations to provide all our customers with a safe and secure home.

We'll play our part in that. Genesis is a proudly diverse, progressive and innovative organisation that is stretching the envelope to get things done. Above all, we are that new style provider, harnessing the power and possibilities of the digital age and the technologies within it to provide our customers with the services they need, when they need them. That goal will, I believe, be better achieved more quickly through the proposed merger with Notting Hill Housing, which we have announced outside of the reporting period this review covers. It is a merger of equals and one that will take Genesis onto its next chapter.

In closing my report, I want to echo our new Chair's thanks to Charles Gurassa and Colette O'Shea. Both former Board members played an important and unique part in the improved position

of Genesis. My Executive and Senior Leadership Team colleagues have demonstrated their calibre throughout this year. I want to thank also our fantastic and hard-working staff, apprentices and volunteers: despite set-backs and an extremely difficult external landscape, their commitment to our social purpose and achieving our stretching objectives has delivered real success which this Report illustrates so well.

I commend it to you.

Neil Hadden





SATISFACTION WITH MY LAST REPAIR:

79.9%

SATISFACTION WITH REPAIRS TEAM KEEPING APPOINTMENTS:

91%

SATISFACTION WITH QUALITY OF REPAIR:

83%

TOTAL REPAIRS AND MAINTENANCE SPEND (INCLUDING CAPITALISED MAJOR REPAIRS):

£50m

(of which £25m was capitalised)

72.3%

FIRST CALL RESOLUTION

Customer Service – *a journey of improvement*

We know that in previous years, our customer service was not as good as it should have been. We have worked hard to put that right and make sure that our customers can expect that Genesis will do our best for them and their homes. Of course, we know we will never get everything right – and mistakes will be made. However, we continue to work with The Leadership Factor, an independent surveying company, to ask our customers about the service they have been provided with and how they feel about the homes and services they receive from us. That is vital – it means we can learn from where we went wrong and build on where we are doing well. And crucially, it means the voice of our customers shapes what we do directly.

Our improvement programme continues to focus on the reliability, consistency and helpfulness of our staff – were customers able to report a repair quickly and via the contact channel convenient to them? Was the repair explained accurately and carried out quickly and in line with expectations? Was communication between Genesis and the customer informative and helpful?

We invested significantly in our repairs programme in 2016/17 – much of our stock is older than that of many other housing associations and requires investment to ensure it is to the standard our customers want and which we expect. Sometimes, the level of investment required to get properties to that position simply does not make economic sense and that is when we consider whether or not we should dispose of a property and re-invest the proceeds for new housing or repairs investment elsewhere.

Corporate Strategy Update – *a new style provider*



Our Corporate Strategy comprises seven high level outcomes which we want to achieve by 2020. At the mid-point, this is our progress update:

Scrutinising performance

The Board developed its approach to analysing and monitoring our performance against internal and external benchmarks. It set challenging targets to deliver year-on-year improvements. Year-end performance figures against key indicators are given below:

<p>Improved customer satisfaction with our services</p>	<p>66.2% of our customers were satisfied with the services they received in March 2017, against 63.2% in March 2016. This is a solid increase which we hope to sustain and improve further.</p>	<p>66.2% Percentage of our Customers will be satisfied with our services: 66.2% against a target of 67%</p>	<p>79.9% Overall Satisfaction with the repairs service: 79.9% against a target of 75%</p>
<p>Investing in at least 5000 new homes</p>	<p>In 2016/17, we completed 195 new homes across different tenures, with a firm pipeline for completion of 1128 homes by April 2019.</p>	<p>£80.5m Sales revenue: £80.5m against a target of £107.6m</p>	<p>474 Starts on site: 474 against a target of 737*</p>
<p>An engaged and high performing staff team</p>	<p>Our Colleague Engagement Survey, carried out in January 2017, showed staff engagement to have risen from 67% to 70% - in a year of real challenge and change. 72% of our staff now have approved personal development plans</p>	<p>70% Staff engagement index: 70% against a target of 70%</p>	<p>16.2% Employee attrition rate: 16.2% against a target of 15%</p>
<p>Improved financial surplus through good budget management</p>	<p>We have delivered a surplus every year of the Corporate Strategy period so far – at the right level to deliver continued investment. We have established a Value for Money group to bear down on costs and spending, including in our procurement and supply chain which has resulted in £4.7million worth of savings against a target of £3.5million.</p>	<p>£4.7m Savings through our procurement programme: £4.7m against a target of £3.5m</p>	<p>19.98% Operating Margin: 19.98% against a target of 30%**</p>
<p>Access to our services will be digital by default</p>	<p>Our customer app has been successfully downloaded by over 9000 customers and is used every day to provide access to services and information in real-time at a time to suit them. Our new website programme was launched in the reporting year and will be delivered in October 2017, offering an improved suite of customer transactional opportunities.</p>	<p>£70k Reduced operating costs through self-service: £70,000 against a target of £60,000</p>	
<p>Improved well-being of the communities we serve</p>	<p>Genesis has a proud record in social and economic regeneration. Our corporate social responsibility programmes have a Housing Associations Charitable Trust (HACT) value of £4.1m. We have created 44 apprenticeships, supported 195 residents into new jobs or training and 809 volunteers now experience the world of work.</p>	<p>11 Number of business units start-ups: 11 against a target of 10</p>	
<p>Concentrating on our core areas by moving out of some more peripheral locations</p>	<p>Our emerging Assets and Investment strategy has re-set our target investment locations following changes in Government policy and the opportunities within London boroughs such as Barking and Dagenham and Ealing. We continue with our withdrawal from areas such as Cambridgeshire, where our stock numbers are low and where other providers closer to the locality can provide better service.</p>	<p>96% Asset Investment Programme delivery: 96% against a target of 100%</p>	

* Starts on site were primarily lower than expected due to reduced new business opportunities.

** The corporate operating margin target was previously calculated using an internal method which included payments to landlords being netted off against income, which enhanced the margin. However, the operating margin in the external environment is now reported in line with Moody's and sector best practice. Using this method, landlord payments are included within operating costs, making the income figure higher and the operating margin lower.

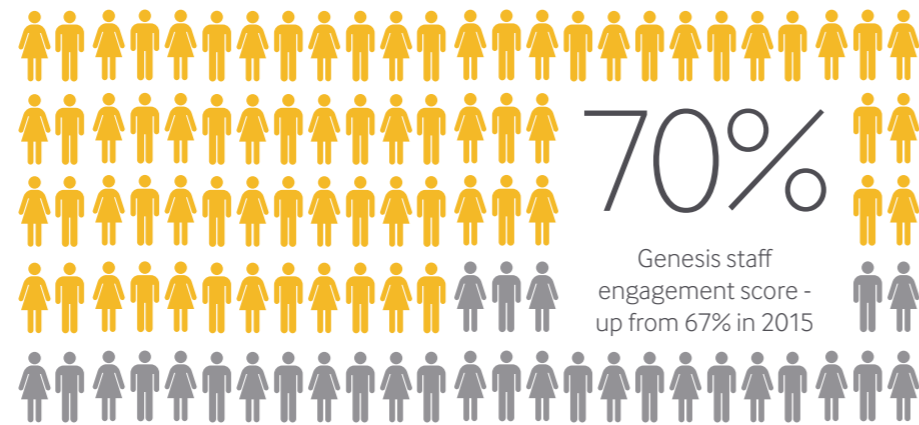
Genesis in numbers



Desktop open market value of our housing stock, up from £7.2bn in 2015/16

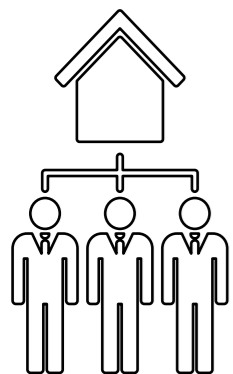
32,081

homes in Genesis' portfolio (down from 32,319 in 2016)



OVER 100,000

tenants and residents we provide homes for



195

jobs secured through our employment programmes (up from 183 in 2016)

809

volunteering placements created (up from 476 in 2016)

44

apprenticeship roles in place (up from 41 in 2016)



£25 million

Surplus generated in 2016/17, that will be invested in existing stock and to build much needed new homes in the communities we serve. (up from £22.5m in 2016)

1383

homes under development (as of August 2017)

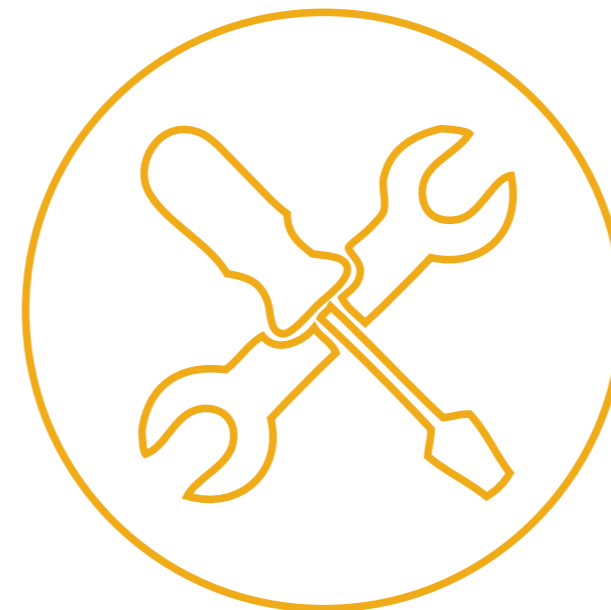


£261m

of development work in progress

£264.3m

TURNOVER



91%

satisfaction with repairs team keeping appointments

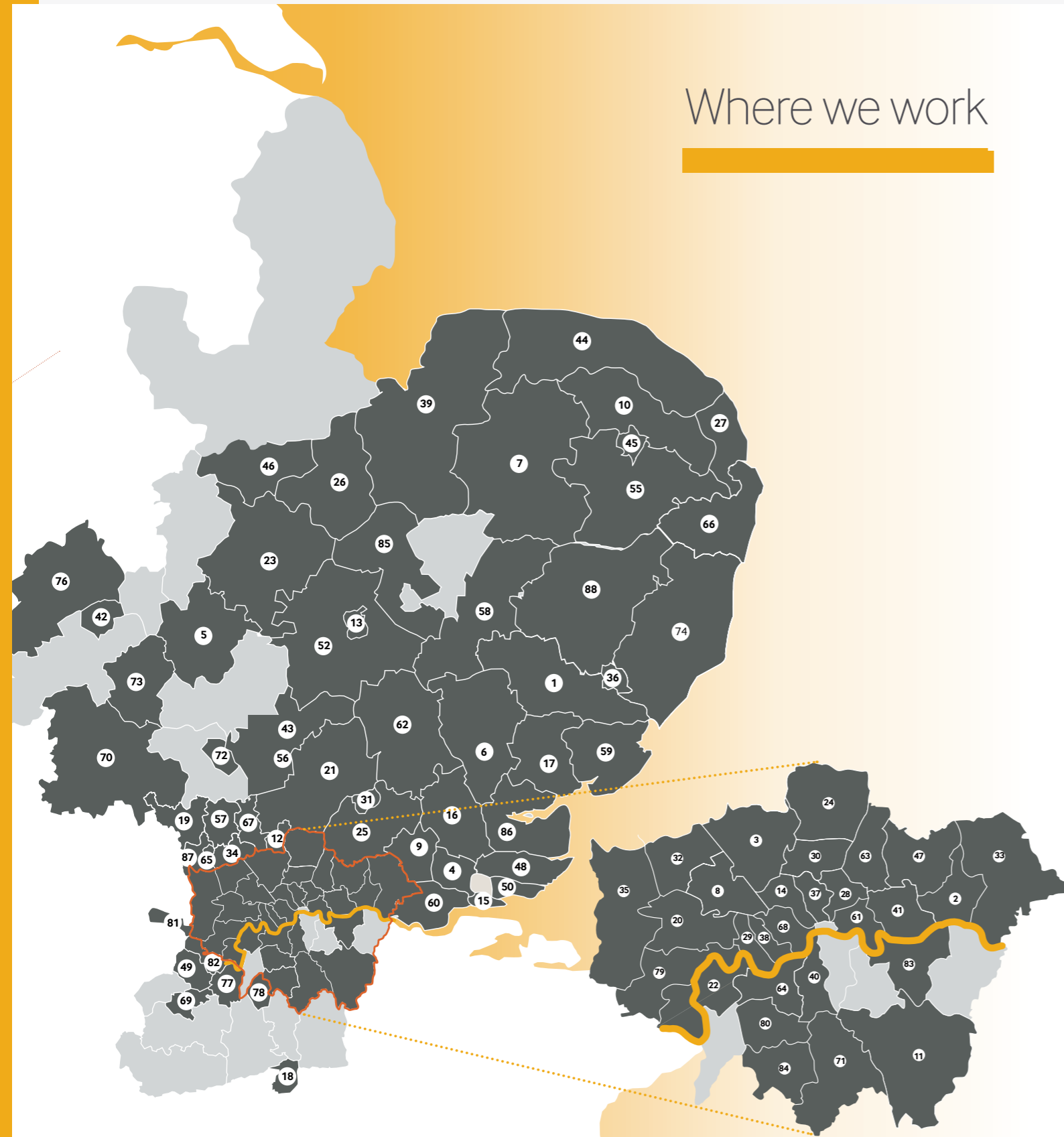
£50.0m

repairs and maintenance spend in 2016/17 alone (up from £47.2m in 2016)



Genesis is the largest landlord in the London boroughs of Brent and Barnet, the second largest in Westminster and the third largest in Camden

Where we work



London Borough of		Properties
2	Barking and Dagenham	435
3	Barnet	2335
8	Brent	6054
11	Bromley	4
14	Camden	2294
68	City of Westminster	3513
71	Croydon	64
20	Ealing	604
24	Enfield	91
83	Greenwich	55
28	Hackney	1051
29	Hammersmith and Fulham	710
30	Haringey	673
32	Harrow	884
33	Havering	150
35	Hillingdon	114
79	Hounslow	14
37	Islington	230
38	Kensington and Chelsea	98
40	Lambeth	278
80	Merton	17
41	Newham	1514
47	Redbridge	424
22	Richmond Upon Thames	2
84	Sutton	13
61	Tower Hamlets	2013
63	Waltham Forest	227
64	Wandsworth	353
Bedfordshire		
5	Bedford	121
72	Luton	75
Berkshire		
81	Slough	21

Buckinghamshire		
70	Aylesbury Vale	43
Cambridgeshire		
13	Cambridge City	7
85	East Cambridgeshire	66
26	Fenland	18
46	Peterborough	26
52	South Cambridge	15
Essex		
4	Basildon	415
6	Braintree	129
9	Brentwood	75
15	Castle Point	23
16	Chelmsford	549
17	Colchester	522
25	Epping Forest	308
31	Harlow	250
86	Maldon	2
48	Rochford	692
50	Southend-on-Sea	566
59	Tendring	39
60	Thurrock	55
62	Uttlesford	233
Hertfordshire		
12	Broxbourne	27
19	Dacorum	356
21	East Hertfordshire	153
34	Hertsmere	447
43	North Hertfordshire	99
57	St Albans	47
56	Stevenage	261
87	Three Rivers	83
65	Watford	1
67	Welwyn and Hatfield	308

Milton Keynes		
73	Milton Keynes	131
Norfolk		
7	Breckland	60
10	Broadland	24
27	Great Yarmouth	29
39	Kings Lynn and West Norfolk	49
44	North Norfolk	25
45	Norwich	51
55	South Norfolk	72
Northamptonshire		
76	Daventry	48
23	East Northants	18
42	Northampton	352
Suffolk		
1	Babergh	27
36	Ipswich	481
88	Mid Suffolk	22
58	St Edmundsbury	133
74	Suffolk Coastal	36
66	Waveney	41
Surrey		
77	Elmbridge	3
78	Epsom And Ewell	14
49	Runnymede	151
82	Spelthorne	1
69	Woking	11
West Sussex		
18	Crawley	56

Our social purpose — *our golden thread*

Alongside this Annual Report, Genesis has published our dedicated Corporate Social Responsibility Impact Report.

Within it, we showcase our achievements in apprenticeships, grant making, volunteering and assisting residents and customers to secure sustainable jobs that will help change lives for the better.

Genesis is proud of our record, which we believe to be among the best in the housing association sector. As an indication of our strength, we are leading a one-year project with two other housing associations to support older residents with mental health needs after securing a £100,000 grant in March 2017 to roll out an intensive volunteering programme.

Funded by the charity Nesta's 'Give More Get More Fund', the V50 project will train over 100 residents aged 50 and over to act as volunteer wellbeing coaches offering dedicated one-to-one support to unemployed peers with moderate to medium mental health needs.

Genesis will be supporting 60 volunteers across six London boroughs (Barnet, Brent, Hackney, Newham, Tower Hamlets and Westminster), and the remaining 40 will be split equally between our partner associations Peabody and Viridian (now Optivo, following merger with AmicusHorizon).

The V50 coaches will receive training via Genesis' befriending service and Mental Health Ambassador training delivered by leading mental health charity, Mind. Other partners including Open Age, Reed in Partnership and London Sport are on board to help with inducting volunteers and offering placements and physical activity programmes.

The wellbeing coaches will volunteer for two to three days a week over a four month period at selected housing schemes across the associations' London footprint.

To date, Genesis has held three recruitment/information events in Brent, Barnet and Newham which attracted a total of 40 attendees. Thirty of these were suitable and have been signed up as volunteer mentors (pending checks). In addition, a total of 18 staff mentors have been recruited to support the volunteers, and so far 40 (potential) beneficiaries have been identified.



V50 session at Amber Court

Assets and Investment – *new developments and our pipeline*

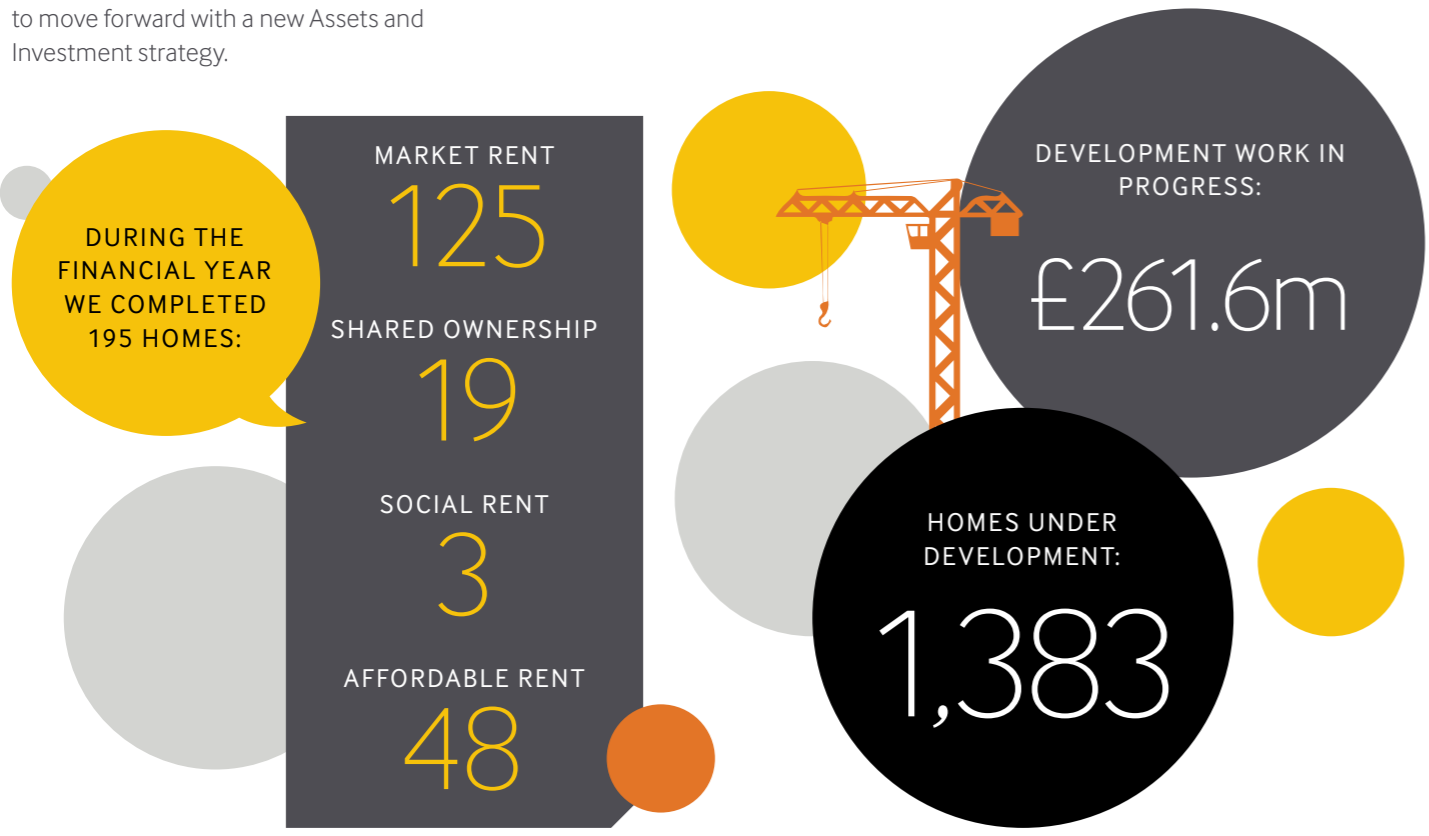
The total value of our residential portfolio stands at £7.4 billion (open market possession value). Our asset base is huge – and enables us to have the capacity to unlock value and finance new homes for the future. In the reporting period, we completed 195 new homes, which while not as high as we would like, was secured while we worked hard to finally close down our historic land bank issues which were a difficult legacy from the crash of 2008/09.

Reaching that key milestone enables us to move forward with a new Assets and Investment strategy.

It is an ambitious route forward that will see Genesis invest in places like Colchester, Old Oak Common in west London and Southend.

Our work at Old Oak Common is a case in point which illustrates the Genesis story. The area is largely undeveloped and poorly connected. But with the coming of Crossrail, it promises to be a new place of housing opportunity with a tenure mix in our plans that will comprise not only market and affordable housing, but social rent housing too.

Few housing associations are proposing to build homes for social rent in large schemes. Genesis will do so at Old Oak Common, thanks to the strong partnership we have developed with the relevant local authorities and with our development partners Queen's Park Rangers Football Club and the Old Oak and Park Royal Development Corporation.



CASE STUDY:

Chelmsford City Park West

City Park West, a brand new development in Chelmsford by Genesis, is located on the former Anglia Ruskin University site and includes the sensitive refurbishment of three historic buildings: the Frederick Chancellor building, the Anne Knight building and the Law building.

The development enjoys a prime location opposite Chelmsford station and lies adjacent to Central Park: perfectly placed to benefit from the best of this Essex city and commutable into London within 34 minutes.

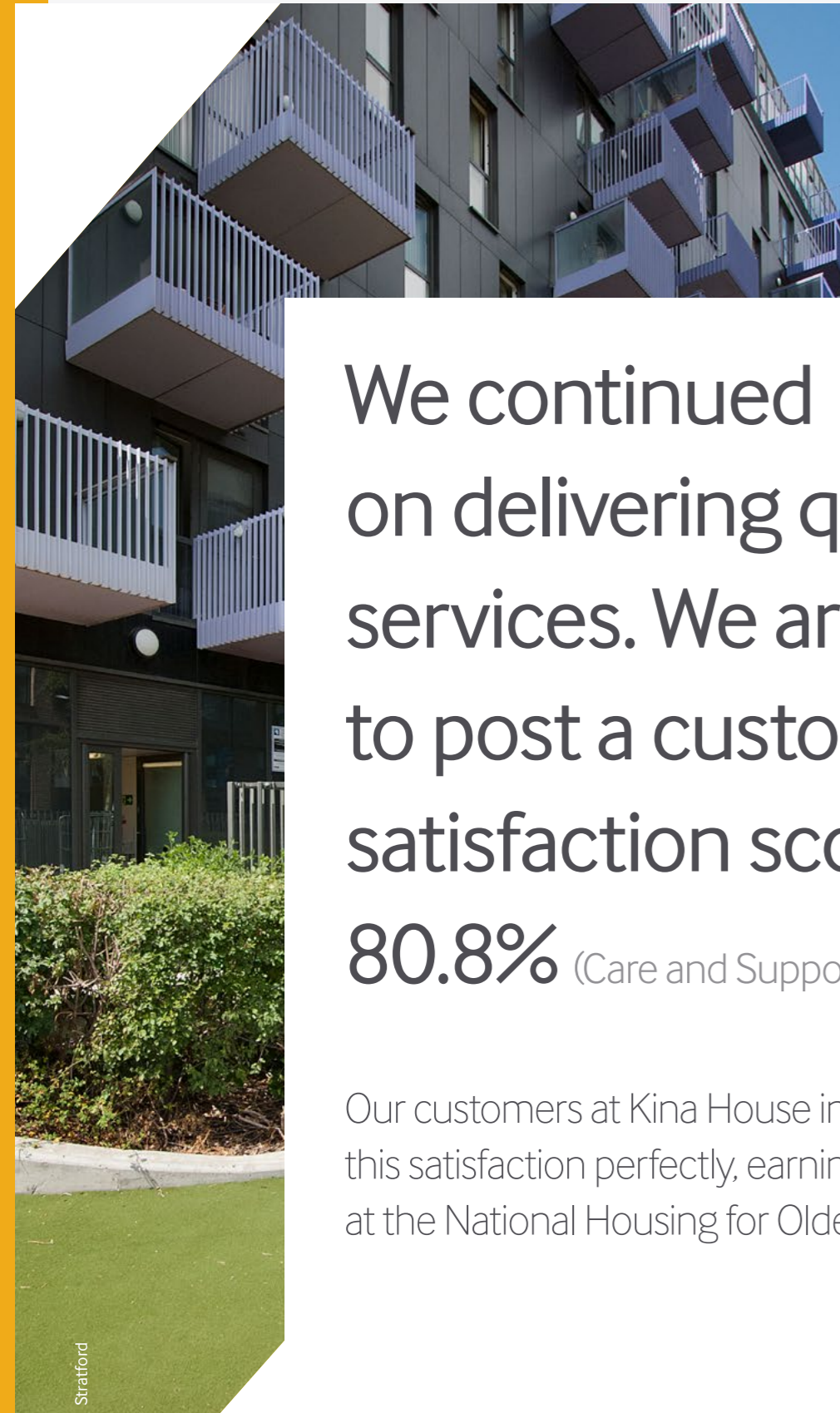
Once completed, the development will boast over 600 new homes with a range of property types, from one bedroom apartments to townhouses. The designers have incorporated courtyards, squares and green spaces which enhance the community feel as well as remaining in keeping with the historic buildings.



KEY FACTS

Number of units: 645

- Tenure mix: extra care/social rent/shared ownership/market rent
- Cost of scheme: c£220m
- Completion date: October 2018



We continued to focus on delivering quality services. We are proud to post a customer satisfaction score of **80.8%** (Care and Support)

Our customers at Kina House in Newham expressed this satisfaction perfectly, earning a commendation at the National Housing for Older People awards.

Care and Support – *progress and ambitions for the future*

The past year has been one of significant change for Care and Support. We reviewed our operating structures, leading to senior management changes and a renewed focus on business growth and excellence. This investment paid some early dividends:

- Significant success in Suffolk, nearly doubling our support income enabling us to provide support to even more vulnerable people experiencing homelessness;
- Partnership with London Borough of Newham, with funds to pilot a new Extra Care model which is now informing their strategy for older people's accommodation;
- Modernising our learning disabilities services in Essex, with a 'Good' result in their first Care Quality Commission inspection;
- Winning places on new care and support frameworks across London and Essex, providing us with more avenues for future growth; and
- A new Extra Care design brief to set the standard for a pipeline of new Extra Care developments.

Our practice excellence team now has the resources to drive a step change in the delivery of outcome-focused, person-centred support and care, tailored to the needs of our four core client groups: older people, mental



Residents at one of our schemes in Rochford received money to transform their gardens.

health, learning disabilities and complex needs including homelessness. This next year will see the piloting of new practice models for each of these groups.

The landscape in which we operate is changing rapidly. The impact has been significant. A number of commissioners have had to withdraw or significantly reduce funding. We worked alongside our local partners to help address these funding losses through refocusing our service and accessing new income to support Intensive Housing Management.

The Government launched a major review of 'Future Funding of Supported Housing'. Genesis played an active role, submitting consultation papers and attending a number of events, while our Director of Care and Support represented Genesis on a National Housing Federation task group influencing proposed new funding approaches. We expect a Government announcement in autumn with changes expected to come

into effect in April 2019.

In a climate of change, however, we continued to focus on delivering quality services. We are proud to post a customer satisfaction score of 80.8%. Our customers at Kina House in Newham expressed this satisfaction perfectly, earning a commendation at the National Housing for Older People awards.

The coming year sees more work to modernise our business, with reviews of all our services, improving business efficiency and ensuring we have the right people delivering the best possible services within current financial constraints. We are further developing our approach to new bricks and mortar extra care provision, seeking opportunities across our footprint to work with local authorities. We are also working actively on seeking new ways of providing support and wellbeing services to our customers, including a major initiative around assistive technology.

Diversity and Wellbeing – *a progressive organisation*



Genesis Diversity Champions at the Colleague Conference 2016.

Diversity and Inclusion

In 2016/17, our new Diversity and Inclusion people strategy was agreed, with clear commitments to the development of a more inclusive approach to recruitment, the retention of our best people by making sure we have an open and inclusive culture and

by removing barriers to progression for under-represented groups. Taken together, it helps to make sure that we have diversity at all levels of the business. We also commissioned Schneider-Ross, a leading consultant in this space, to review our approach to diversity and inclusion

and help us to shape the agenda and our offer to both existing and prospective employees.

Following this review, we recruited to a new position of 'Diversity, Inclusion and Wellbeing Lead' to take forward the Employee Diversity and Inclusion agenda.

We now have six active Genesis staff networks:

- Women's Network
- BAME
- Older People
- Health and Disability
- Faith and Belief
- G-Force - for LGBT staff and allies

There are some notable achievements this year including:

- Miles Lanham - chair of G-Force - was shortlisted as a 'Top 10 Corporate LGBT Champion' at the British LGBT Awards
- Our Diversity Champions were awarded the 'Good Employer' Award at the Annual Colleague Conference
- Our Women's Network ran a series of events for staff including mentoring and nutrition workshops, and the successful #BoldforChange event held on International Women's Day
- The BAME network participated in the high-profile Parliament Leadership Challenge run by Inclusive Employers
- The Older People's forum's work on dementia has trained 70 staff to be 'dementia friends' across the organisation.

Wellbeing

Our new approach and focus covers three main areas of wellbeing. These are:



Emotional and Mental



Physical



Financial

Each domain will continue to be supported throughout 2017/18 by targeted offers to support our staff when they need it most in a way that is accessible and helps them remain great at what they do – even in tougher times.

This builds on our sector-leading offer we currently have in place which comprises smart working arrangements, a flexible working policy, a leading-edge employee assistance programme, access to credit union savings schemes and even a yoga programme that is led by the Women's Network!

Diversity and People Developing our People

At Genesis we firmly believe we can only achieve our corporate goals through our people and by ensuring our employees want to do their best work for us every day - and this is acknowledged by our Investors in People award.

Our People strategy focuses on building capability and high performance, developing a really positive employee experience at work and creating a learning culture that engages our people in continuous learning. Last year this saw our adoption of the 70:20:10 approach of 'learning by doing' and a focus on the individual development of our people. We also made a significant investment in the development of our leaders as this is key to changing how we work and learn together.

Our new Reward Framework is part of an employee experience that enables us to recruit and retain the best people.

We have moved away from the strictures of annual appraisals, with voluminous form-filling, to a continuous approach to development and performance monitoring. 72% of our staff now have an approved Individual Learning Plan which governs the training needs and goals of everyone, enabling them to do their best, every day.

Our Board

(Biographies, Committee Memberships and Key Facts)



Dipesh J. Shah OBE,
Chairman/Independent Member

Dipesh was appointed the new non-executive Chairman of Genesis Housing Association in January 2017.

Dipesh is a highly experienced and influential senior business leader with a diverse executive and non-executive career. He served as the Chief Executive of various large businesses within BP Plc and, thereafter, as the Chief Executive of the UK Atomic Energy Authority. Currently, he chairs the Investment Committee of the 2020 European Fund for Energy, Climate Change and Infrastructure (EU-wide Marguerite Fund), is a Main Board Commissioner for The Crown Estate and sits on the Boards of Thames Water and Canaccord Genuity Group Inc.

Previously, Dipesh was Chairman of the energy company Viridian Group Plc, HgCapital Renewable Power Partners LLP and of the European Photovoltaics Industry Association. He also served on the boards of Lloyd's of London, the insurance market, and Babcock International Group Plc. He received an OBE in the 2007 New Year's Honours.



Imani Douglas-Walker,
Resident Member

Imani is a qualified career coach who has worked in many sectors ranging from Events Management, Welfare to Work to Mental Health. Imani is the founder of Raise The Bar - a community-led initiative working with schools and voluntary organisations seeking to overcome diverse social issues with sustainable coaching programmes.

Committees and Subsidiary Boards – Genesis Community Foundation Ltd (Chair); People Committee, Customer Services Committee



David Turner,
Senior Independent Director

David is a Chartered Surveyor and has vast experience in board roles in the Public, Private and Not-For-Profit sectors including Deputy Pro Chancellor of City University London. He was a Divisional Director of Barclays Bank and Chief Executive of a major Group subsidiary. David also recently retired as Chairman of WSP Group plc, a FTSE 350 engineering and Environmental Consultancy with a global presence. David continues to hold a number of other non-executive appointments.

Committees and Subsidiary Boards – Assets Committee (Chair); Audit and Risk Committee; People Committee



Eugenie Turton CB,
Independent Member

Eugenie is a former senior public servant who now works as a Non-Executive Director in the private and charitable sectors. Her last role in government was as Director General for Housing & Planning within what is now the Department for Communities & Local Government.

She is Chair of Wessex Archaeology and serves on the board of the Sir Edward Heath Charitable Foundation. She is a lay Member of Salisbury Cathedral Chapter and an Associate and Board Mentor with Critical Eye. Eugenie also advises the Government of Trinidad and Tobago on public service improvement.

Committees and Subsidiary Boards – People Committee (Chair); Customer Services Committee (Chair), Audit and Risk Committee



Stephen East,
Independent Member

Stephen is a Chartered Accountant and a non-executive director of a number of listed companies in various sectors. He is a Trustee of a number of charities.

Stephen brings strong financial management and treasury skills to Genesis along with extensive non-executive experience.

Committees and Subsidiary Boards – Treasury Committee (Chair); Audit and Risk Committee



Bruce Mew,
Independent Member

Bruce has considerable experience spanning both the public and private sectors with a distinguished track record as a commercial, financial and funding advisor. Bruce started his career in local government in 1972 with Hemel Hempstead Borough Council, eventually rising to Assistant Director of Finance at Hertsmere Borough Council. Following his time in local government, he held senior positions at Union Bank of Switzerland (UBS), Halifax Plc, Ernst & Young and most recently, Grant Thornton UK LLP. Bruce brings a wealth of experience in delivering large projects and Government policy for housing and regeneration.

Committees and Subsidiary Boards – Audit and Risk Committee (Chair); Treasury Committee

Our Board cont'd

(Biographies, Committee Memberships and Key Facts)



Neil Hadden,
Chief Executive

Neil Hadden entered the housing sector in 1978 and spent 27 years at the Housing Corporation, which was the industry regulator prior to the Homes and Communities Agency where he held a number of positions, including serving as Deputy Chief Executive. He moved to Aldwyck Housing Association in 2005 and led the group through significant growth in his role as Chief Executive. He became Genesis' Chief Executive in October 2009.

Committees and Subsidiary Boards – All Subsidiary Boards, Assets Committee, Treasury Committee



Elizabeth Froude,
Deputy Chief Executive and
Executive Director, Resources

Elizabeth has worked in housing for eleven years and has been with Genesis since 2012. Prior to Genesis, she spent six years with Radian Housing Group, who are based in the Home Counties. Before that role, she worked in a variety of blue-chip organisations in senior finance roles both in the UK and across Europe and has spent a great deal of her working career in change management and process improvement environments.

Committees and Subsidiary Boards – All Subsidiary Boards, Assets Committee, Treasury Committee, Customer Services Committee



Stephen Bitti,
Resident Member

Stephen is the Managing Director of Nudge Associates, a company which offers specialist management support and training in health, wellbeing and development across the public, private and charitable sectors.

He is the Chair of his local Residents Association, a Trustee of MADaboutART and was a former Chief Executive of the UK Coalition of People Living with HIV and AIDS before working for the National Support Team at the Department of Health.

Committees and Subsidiary Boards – Customer Services Committee



Jenny Buck,
Independent Member

Jenny is a graduate of the University of Cambridge and has been in the investment industry for 24 years with a varied career including property, infrastructure, private equity and hedge funds.

Between 2001 and 2010, Jenny was responsible for Schroders' property fund of funds business.

She joined Tesco in October 2011 and has responsibility for the property and alternative portfolios of the company's pension fund.

Jenny is a member of the Royal Institution of Chartered Surveyors, the Investment Property Forum and is a member of the British Private Equity & Venture Capital Association. She sits on a number of committees and is a trustee of the charity Landaid.

Committees and Subsidiary Boards – Assets Committee

Independent committee members for the financial year 2016/17 were:

- **Myra Barnes, Peter Coleman and Professor Peter Roberts** (Assets Committee)
- **Glenn Beatham and Nick Feaviour** (Treasury Committee)
- **Julia Bird and Alessandro Storer** (Customer Services Committee)

Our Executive Team



**Neil Hadden,
Chief Executive**

See page 26.



**Elizabeth Froude,
Deputy Chief Executive and
Executive Director, Resources**

See page 26.



**Jeremy Stibbe,
Executive Director, Assets and
Investment**

Jeremy brings thirty years of property, regeneration and commercial experience to this pivotal role, and has previously held senior roles at other G15 housing associations including L&Q and Network Homes. Prior to joining Genesis, he was Peabody's Executive Director, Development, Regeneration and Sales, where he kick-started the regeneration of Thamesmead and established the association's award-winning sales brand.



Report of the Board and Financial Statements

The Board, Executive Team, Committees and Professional Advisors

The Board of Genesis Housing Association

Charles Gurassa	Non-Executive Chairman – resigned 13 January 2017
Dipesh J. Shah OBE	Non-Executive Chairman – appointed 16 January 2017
Neil Hadden	Chief Executive
David Turner	Non-Executive Member
Stephen Bitti	Non-Executive Member – appointed 16 May 2017
Jenny Buck	Non-Executive Member – appointed 16 May 2017
Imani Douglas-Walker	Non-Executive Member
Stephen East	Non-Executive Member
Bruce Mew	Non-Executive Member
Colette O’Shea	Non-Executive Member – resigned 31 August 2016
Eugenie Turton CB	Non-Executive Member
Elizabeth Froude	Deputy Chief Executive and Executive Director, Resources

Executive Team

Neil Hadden	Chief Executive
Elizabeth Froude	Deputy Chief Executive and Executive Director, Resources
John Carleton	Executive Director, Markets and Portfolio - left 31 July 2016
Laurice Ponting	Executive Director, Communities – left 31 July 2016
Jeremy Stibbe	Executive Director, Assets and Investment – appointed 14 November 2016

Committees

Assets Committee	Chair – David Turner
Audit and Risk Committee	Chair – Bruce Mew
Customer Services Committee	Chair – Eugenie Turton CB
People Committee	Chair – Eugenie Turton CB
Treasury Committee	Chair – Stephen East

Company Secretary

Hilary Milne	Director of Governance & Compliance
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Registered Office

Genesis Housing
Association Limited
Atelier House
64 Pratt Street
London
NW1 0DL

Bankers

Barclays Bank Plc
Floor 28
1 Churchill Place
London
E14 5HP

Principal Solicitors

Winckworth Sherwood
Minerva House
5 Montague Close
London
SE1 9BB

Auditors

BDO LLP
55 Baker Street
London
W1U 7EU

Operating and financial review

About us

As one of the UK's leading housing associations, we own or manage approximately 33,000 homes across London and the East of England.

Genesis' stock portfolio includes a range of properties, including affordable housing, temporary accommodation and housing which offers care and support to vulnerable residents. Additionally,

our portfolio of privately rented accommodation, shared ownership and homes for sale is continuing to grow through a development pipeline.

As a member of the G15 group, which consists of London's largest housing associations, Genesis is contributing towards eradicating the housing shortage and providing homes for around one in

ten people living in the capital.

One way in which we aim to tackle the housing shortage is by building new homes. Approximately 25 per cent of all new homes that are under development in the capital are being built by G15 housing associations, which includes Genesis.

www.genesisha.org.uk

Overview of the business

Genesis Housing Association Limited is registered under the Cooperative and Community Benefit Societies Act 2014 and is a registered provider. Genesis has a number of subsidiaries as well as a small number of special purpose vehicles set up solely to develop housing and regeneration schemes in particular locations. The charitable objectives of the association and the protection of social housing assets are delivered through the structure below.

GenFinance Ltd and GenFinance II are wholly owned financial vehicles managing loans and a bond respectively.

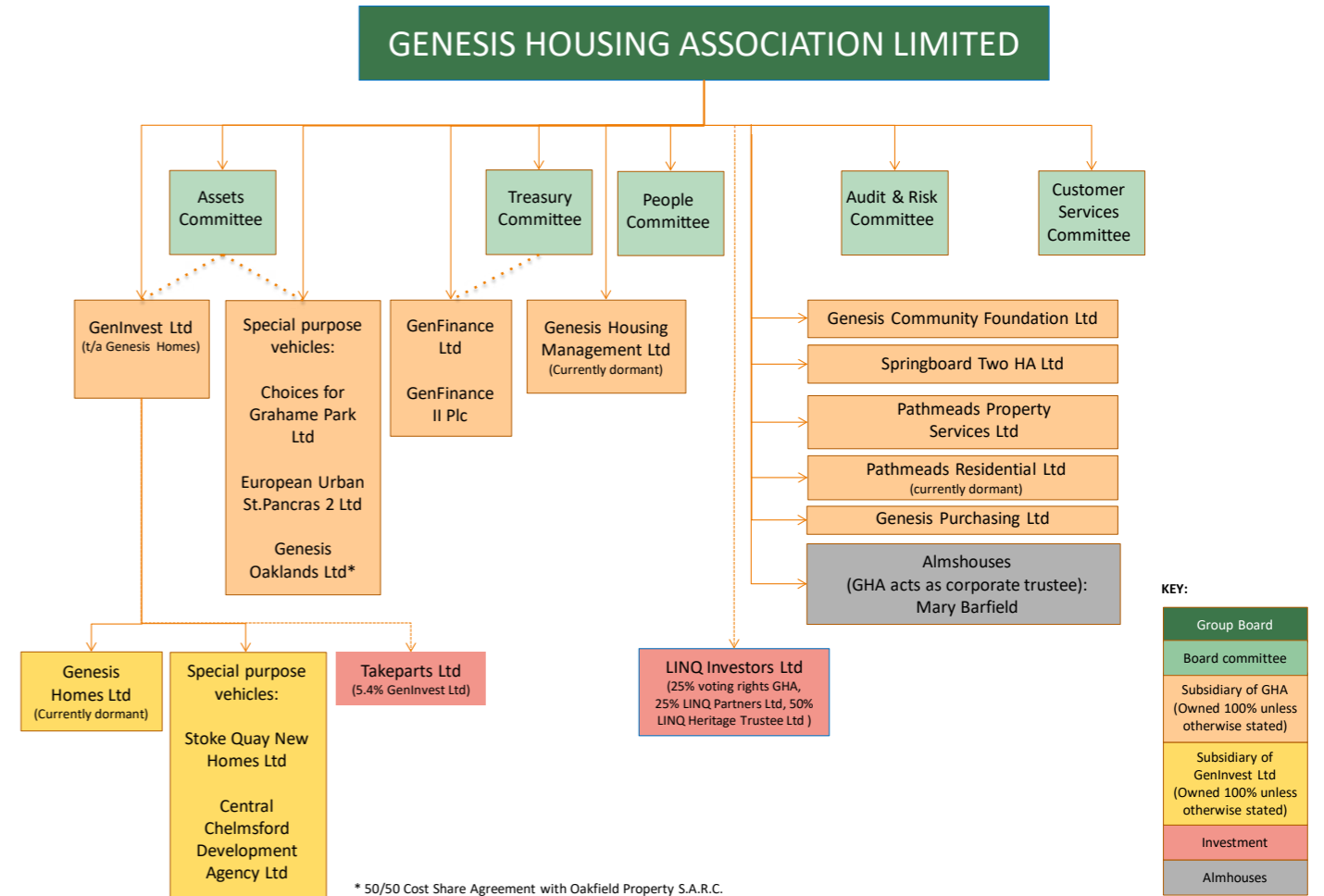
The main active subsidiaries are detailed below (the remainder are either dormant

or not trading for particular reasons):

- The Genesis Community Foundation runs social regeneration and community projects and oversees the giving of grants from two charitable trusts.
- Genesis Purchasing Ltd procures contracting and consulting services on behalf of all the organisations in the group.
- LINQ Investors Ltd is 25% owned by Genesis and exists to acquire residential rental assets for long term investment.
- Take Parts Ltd is 5.4% owned by Genesis and supplies bathroom

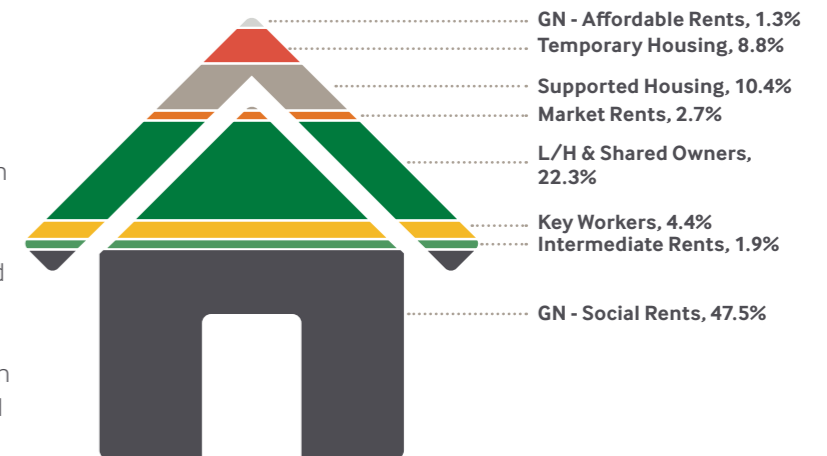
and kitchen items to the affordable housing sector.

- Springboard Two Ltd currently owns no assets and is being kept dormant pending decisions about its future role.
- GenInvest Ltd is a wholly-owned subsidiary of Genesis and is responsible for managing the delivery of those parts of the annual development programme delegated to it by the Genesis Board.



Stock Profile

Genesis has a broad mix of property tenures, with approximately 15,000 General Needs (GN) stock, plus 1,200 Affordable or Intermediate rents. These are tenures which come with a discount against market prices, to ensure we provide homes for people who would not necessarily be able to afford them, in line with our social purpose. At Genesis, affordable rents are set at 61% of market price and intermediate at up to 80%. There are approximately 2,700 units in Temporary Housing, though this fluctuates more than other tenures, depending on demand and availability from private landlords. Our second largest group are Leaseholders (L/H) and Shared Owners with approximately 7,000 units. Almost 1 in 10 residents live in Supported Housing (c2,800 units), and another 500 receive Care & Support services in their own homes. We have over 900 Market Rent units, and around 1,400 Key Worker places.



Operating and financial review

Areas of Operation

Genesis operates in 84 local authorities across London, the East of England, East Midlands and the South East.

Genesis operates in 28 London local authorities and 56 local authorities outside London.

Genesis is the largest provider of affordable and social rented stock in the London Boroughs of Brent, Westminster and Barnet, at 25%, 20% and 16% respectively. Genesis is the second largest provider in Camden at 19%.

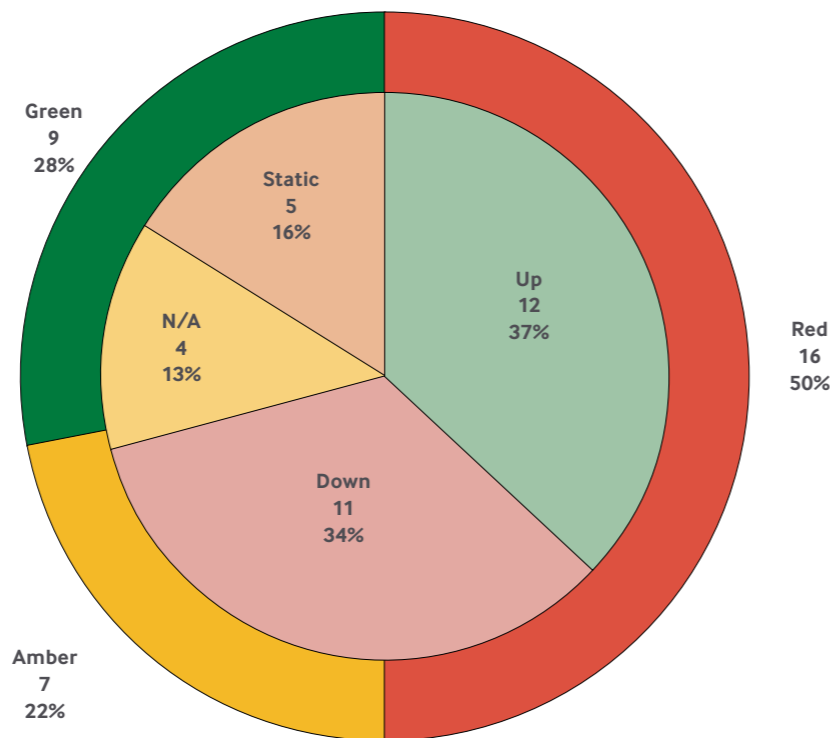
Operational Performance

The Board developed its approach to analysing and monitoring our performance against internal and external benchmarks. It set challenging targets to improve year-on-year through the annual planning process.

32 Key Performance Indicators (KPIs) were monitored to support the objectives of the Corporate Strategy. At year end, nine of these measures met target with an additional seven measures finishing within 5% of target thereby achieving an Amber RAG rating.

* Red Amber Green

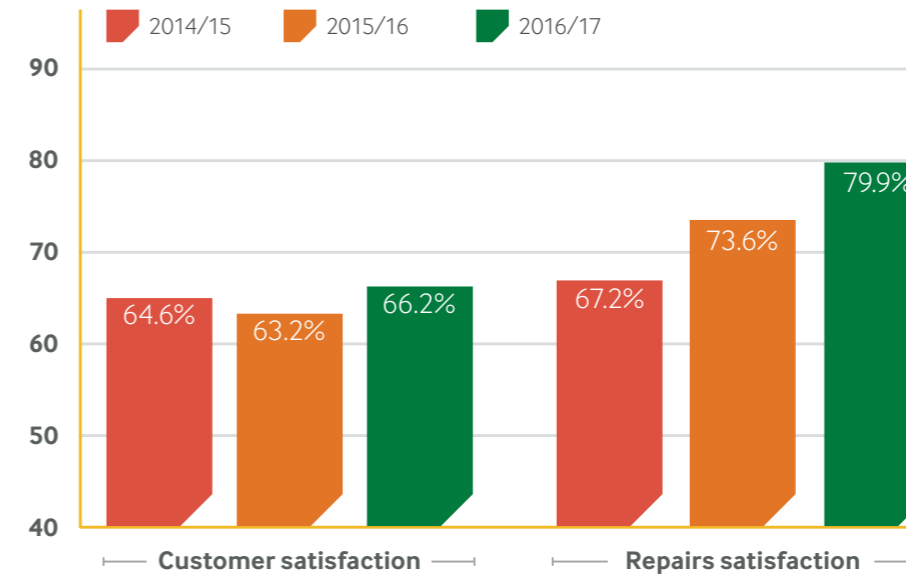
RAG* Status and Direction of Travel Chart



The outer ring of this chart illustrates the number and percentage of measures that achieved target using a RAG status. The inside breaks down the direction of travel of the 32 measures: how many improved, deteriorated or stayed the same.

Year on year improvements were achieved on income collection, rent arrears, void loss, employee measures and customer satisfaction. The focus on the potential merger with Thames Valley Housing Association in 2016/17 meant that Genesis was not able to fully optimise capacity to deliver some targets such as moving out of the Cambridge area and timely implementation of the payment facility on the Customer app. We secured 767 plots to build new homes against a target of 1500. 450 were delayed because of significant renegotiations with vendors and 316 were subject to Network Rail timescales. Against an ambitious target of delivering 50 apprenticeship opportunities we delivered 44. Renewed focus following the collapse of the merger talks means that delivery of all these projects should occur in 2017/18.

Operating and financial review



Three Year Satisfaction Trend Graph

The graph above shows the year on year improvement in customer satisfaction and repairs and maintenance satisfaction over a three year period to 2016/17.

Achievements:

- Satisfaction with repairs service achieved 79.9% (from 73.6% in 2015/16)
- Percentage of customers satisfied with our services achieved 66.2% (from 63.2% in 2015/16)

Positive end of year results for operational performance also show:

- Income collection surpassed target for the second year at 100.2% against a target of 100%.

- Current tenant arrears improved for the third year at 4.2% (5.8% in 2014/15, 4.8% in 2015/16).
- Void loss of 2.01% was better than the target of 2.07% and improved on the 2015/16 result of 2.70%.
- Percentage of calls received from customers resolved, did not quite meet target but improved to 72.3% (from 69.8% in 2015/16).

Tenant arrears

Total tenant arrears remain unchanged at 4.9% from prior year. However in 2016/17, we saw a reduction of 0.6% in our current arrears although there was no reduction in our total arrears. Current tenant arrears improved for the third year at 4.2% (5.8% in 2014/15, 4.8% in 2015/16).

	2016/17	2015/16
Tenant Arrears	4.9%	4.9%

In the year, we continued to implement proactive income management and make use of technology and data to understand and manage our income service. We have seen more of our customers become affected by Universal Credit and Welfare Benefit reform, however we have maintained our overall performance despite these external influences. Included in our strategy for 2016/17 was a plan to step up our legal action in cases with static and high arrears.

We continue to make better use of data to support tactical informed decisions on addressing arrears. New ways of working have been embedded, as a result of more effective management. This has led to a rigorous approach to income collection. There has also been a concerted effort to address low level arrears by ensuring that payment in advance is promoted as well as payments at sign-up, and arrears are not allowed to escalate exponentially without the account being progressed internally.

In 2017/18 we expect to see an overall reduction in our arrears.

Operating and financial review

Repairs and Maintenance

We invested significantly in our repairs programme in 2016/17 (£50m of which £25m was capitalised, 2015/16 £47.2m of which £24.2m was capitalised). Some of our stock is older than that of many other housing associations and requires investment to ensure it is to the standard our customers want and which we expect to deliver. That investment has led to a substantial programme above and beyond the 'decent homes' standard. Further investment to ensure our stock fulfils the obligations required following the Grenfell Tower disaster is underway.

Risk Management and Key Risks

Genesis has an embedded risk management structure which involves an ongoing process to identify, evaluate and manage operational and strategic risks faced by the Group. The process provides assurance to successive levels of management that risks and controls are being properly identified, and material risks can be escalated up to Board level for consideration as required.

The Audit and Risk Committee and the Board receive quarterly updates on strategic business risks which are owned by Executive Directors. Each directorate within Genesis maintains its own risk register. These are reviewed quarterly and summary reports including operational risks that cut across the business are considered by the Senior Leadership Team.

Our risk management strategy includes a risk appetite statement which sets out the risk and opportunity boundaries agreed by Genesis' Board. There are specific quantitative boundaries (relating mainly to development, finance and investment) and qualitative boundaries (relating to the degree of risk taking and innovation tolerated by the board in relation to our key business objectives).

Operating and financial review

Key risks and mitigation strategies

The key strategic risks facing Genesis as at March 2017 and the principal associated mitigation measures are set out below:

Risks	Key Controls
Failure to meet Health and Safety (H&S) requirements in relation to gas, fire, water/ legionella, asbestos and electricity.	<ul style="list-style-type: none"> Weekly reporting of gas compliance figures New fire risk assessments completed for all properties that require them Action plans for remedial actions across all H&S workstreams are in place. CEO chairs H&S Committee which oversees delivery of all key areas Additional Controls Post Grenfell Fire: <ul style="list-style-type: none"> All blocks reviewed in line with required guidance; Materials review is in progress and on track; Extra expertise with fire specialisms brought in to deal with technical and complex queries; Processes put in place that ensure we respond to all stakeholder and resident queries in a timely, accurate and professional manner. Fire Action Committee in place – now meets weekly following 3 weeks of meeting daily, but receives daily updates.
Loss of income due to welfare reform.	<ul style="list-style-type: none"> Strengthened approach to income and arrears collection Work closely with Local Authorities to capture customer data and access to initiatives and Discretionary Housing Payments. Targeted support to customers is in place; this includes arrears intervention, tenancy support and financial inclusion support to Universal Credit claimants.
Our stock is not in the condition we would expect and we incur unforeseen liability as a result of insufficient data or poor quality data.	<ul style="list-style-type: none"> Rolling programme of stock condition surveys which cover 20% of Genesis stock annually. Survey used to build our stock investment programme. 5 year rolling investment programme in place for existing stock.
Brexit	
<p>Given the vote to leave the EU and uncertainties relating to that:</p> <ul style="list-style-type: none"> the property market falls lending is restricted, our workforce supply, specifically for Care & Support and keyworker, is adversely affected. there is an increase in racial harassment in our communities. 	<ul style="list-style-type: none"> Reduce sales activity within the programme until we have greater stability Treasury policy governing how and when new funding is raised; Only commit to new developments when funding is in place Robust appraisal of new development opportunities Organisational focus on potential risk, availability of staff and any instances of racial harassment.

Operating and financial review

Value for Money

Genesis is committed to continuously improving Value for Money (VfM) for our customers in all aspects of our business. One of the key high-level outcomes that our ambitious Corporate Strategy 2015-2020 is seeking to achieve is:

- Improved financial surplus through good budget management, being efficient and delivering value for money.

Our VfM work is not limited to a standalone work programme. It pulls together the work that is being undertaken across the business and supports all the high-level outcomes of the Corporate Strategy 2015-20 which is underpinned by:

- a delivery plan, which will show how the objectives will be met in more detail, and,
- a communication plan, which ensures that value for money is embedded in the business narrative and ensure that we have visibility of the value for money framework and objectives.

Our aim is to embed value for money in everything we do, including the way we:

- deliver services to our customers
- buy services and goods
- work in partnerships to deliver an improved service/product for our customers

- design and develop the services for our customers.

Each year we develop a business plan so that we are able to concentrate our efforts and resources to deliver our Corporate Strategy priorities and outcomes. We have a clear delivery plan, which sets out our focus for the year on how we will achieve our objectives. To deliver our annual priorities, we have outcome based projects and deliverables so that we can demonstrate that we have delivered services effectively and in the most efficient manner.

Monitoring of costs is key to driving VfM and offering better social value and improved services to Genesis residents. The Finance teams work in partnership with business service areas, by providing support as the business continuously looks for efficiencies.

Genesis will be producing a detailed VfM self-assessment document by the end of September 2017. This document will be accessible in the Value for Money section on our website once it is published via the link below

www.genesisha.org.uk/about_genesis/openness_and_transparency/reports.aspx

Customer satisfaction

Customer satisfaction within Genesis has continued to improve over the last year. Across many of the areas that customers say matter most, customers are telling us things are getting better.

During 2016/17 we prioritised improving the customer experience of our repairs services as the top issue to tackle. Starting with listening to customer feedback and then co-designing the ideal repairs experience, we have seen improvements in overall satisfaction with repairs as well as with our teams doing the work. Customer satisfaction with repairs increased from 73.6% in 2015/16 to 79.9% at the end of 2016/17.

We have a diverse range of tenures and customers and our focus remains on improving the things that matter most to these varying customer groups. Our Care and Support teams continue to provide services that are based on really understanding customer needs and tailoring our responses accordingly. It works. Care and Support customers recorded an overall satisfaction score of 80.8% in the last year.

In the last year we have taken more time to engage meaningfully with our customers about how services are designed and decisions are made. In developing and rolling out the MyGenesis smartphone app, groups of customers provided on-going assistance with design and testing to help us with getting it right

or making it better. We have seen the customer led Scrutiny Panel get into the heart of the design of our Repairs and Neighbourhood Management services to put what matters most to customers at the centre of improvement actions.

As a direct result of this involvement we have increased staffing on some of our highest demand schemes and invested in customer service training for many of our employees.

Two and half years into our five year plan for improving customer experience at Genesis a lot has been achieved and a lot more remains to be done. Improving services to leaseholders, rolling out a full self-service offer and making further improvements to how we handle problems and complaints are among the key issues customers have earmarked for us to prioritise.

Financial summary and review

Group statement of comprehensive income	2017 £m	2016 £m
Turnover	264.3	333.8
Cost of sales	(7.3)	(71.6)
Operating costs	(204.2)	(204.0)
Impairment	–	(0.4)
Operating surplus	52.8	57.8
Operating margin	19.98%	17.31%
Surplus on sales of properties	27.1	24.5
Net interest charges	(63.0)	(66.1)
Movement in fair value of financial instruments	(4.2)	–
Movement in fair value of investment properties	12.3	6.3
Taxation	(0.2)	(1.4)
Net surplus for the year (after tax)	24.8	21.1

The financial year 2016/17 saw another solid year of financial performance with a pre-tax surplus of £25.0m (2016 £22.5m). Key features were;

- Operating surplus of £52.8m, an operating margin of 19.98%
- Asset investment of £50.0m (of which £25m was capitalised), £5.0m more than originally planned
- Staircasing of 231 shared ownership units generating a surplus of £9m
- Sales of other properties £27.1m
- Reduction in interest costs of £3.0m.

Financial summary and review

Group statement of financial position	2017 £m	2016 £m
Tangible fixed assets and investments	3,247.1	3,192.6
Current assets	244.3	241.2
Creditors and liabilities	2,684.6	2,655.5
Total reserves	806.8	778.3

In the year we received the final actuarial valuation for the transfer of net assets from the Social Housing Pension Scheme (SHPS) multi-employer scheme to the Genesis own name pension scheme. This valuation resulted in a final £6.2m section 75 payment being made. All calculations were based on the effective transfer date of 1 March 2016 to reflect this. Our previously reported 2016 pre-tax surplus of £28.7m has been restated within the 2017 financial statements to £22.5m as a result.

Investment in our assets

During the financial year we completed 195 homes:

Market rent	125
Shared ownership	19
Social rent	3
Affordable rent	48

Delivering around 5,000 new homes over the next five years is one of the main aims of our Corporate Strategy. Genesis is an investment partner under the Homes and Communities Agency's (HCA) and the Greater London Authority's National Affordable Housing Programme (NAHP). We are the Registered Provider for the Woodberry Down regeneration scheme in Hackney and are 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 Agency's Delivery Partner Panel (DPP) for London and the South East.

As at 31 March 2017 we held:

- £261.6m of development work in progress
- Homes under development: 1,383
- Value of land held for development: £6.6m

Over the next three years we will invest £1,046m into developing more homes generating 2,306 new completed units and an additional 1,622 units under the course of construction.

Cash flow

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 cash flow statement position is that during the year, Genesis had a net cash outflow of £48.6m (2016: £29.6m inflow) and made net interest payments of £67.7m (2016: £69.7m). Genesis increased its debt by £36.7m (2016: £30.0 decreased) in the year.

Liquidity

In the current uncertain economic climate, Genesis' policy relating to liquidity is to hold sufficient cash to meet six months' cash requirements, and to 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 from which Genesis has also borrowed. Genesis operates strict investment guidelines with respect to surplus cash with the emphasis on the preservation of capital.

As at 31 March 2017 Genesis had cash balances of £67.6m (2016: £116.2m) and short-term investments of £33.5m (2016: £33.3m).

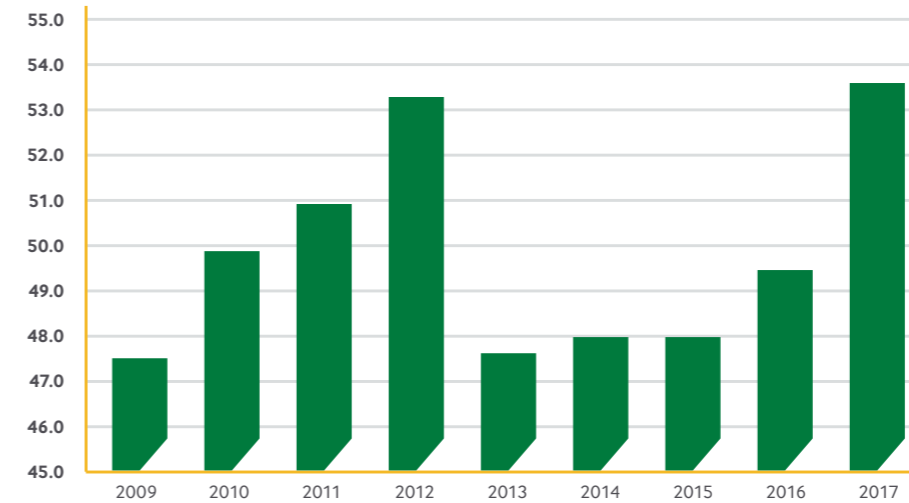
Financial summary and review

Financing

At 31 March 2017, total net borrowings were £1,533m from available net facilities of £1,772m (2016: total net borrowings were £1,496m from available net facilities of £1,775m). Borrowings include a £250m bond issued by the Group in the capital markets in 2009 and 2012. At the same date, we had cash balances of £67.6m (2016: £116.3m) in addition to £238.6m (2016: £278.6m) of secured loan facilities available to drawdown.

Debt drawn down per unit has increased during the year. It is projected that debt per unit will increase in the coming years as we deliver our 1,000 new units per year development programme.

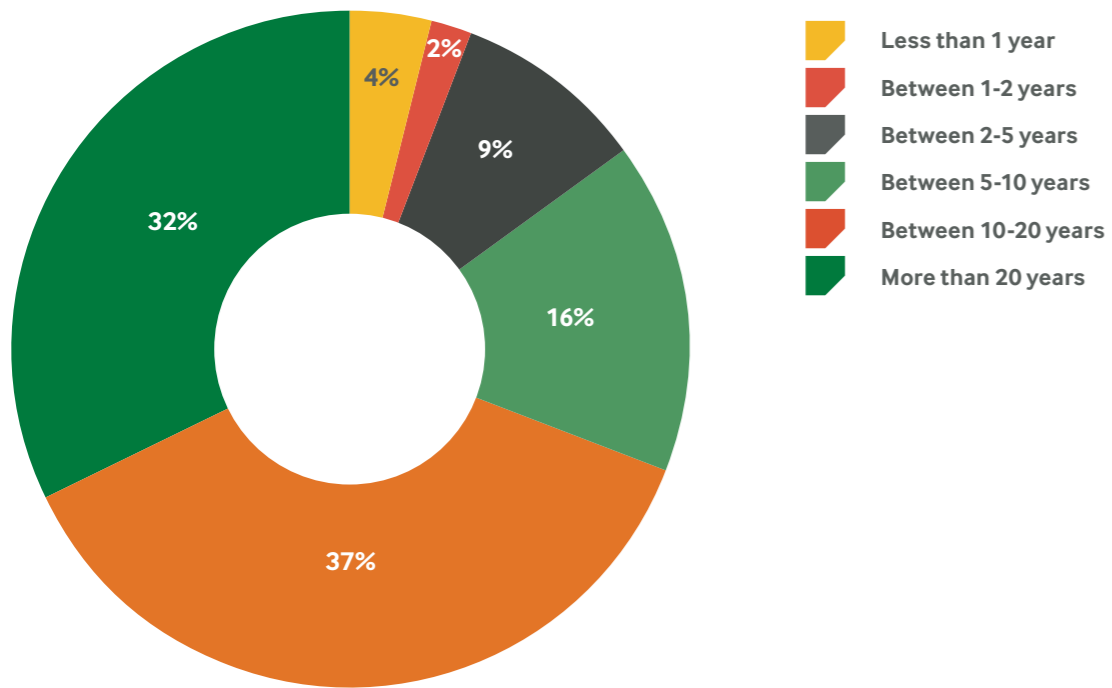
Net Debt drawn down per unit (£k)



Our re-financing risk is considered to be low with 85% (£1,294m) (2016: 88%: £1,312m) of debt due for repayment in more than 5 years.

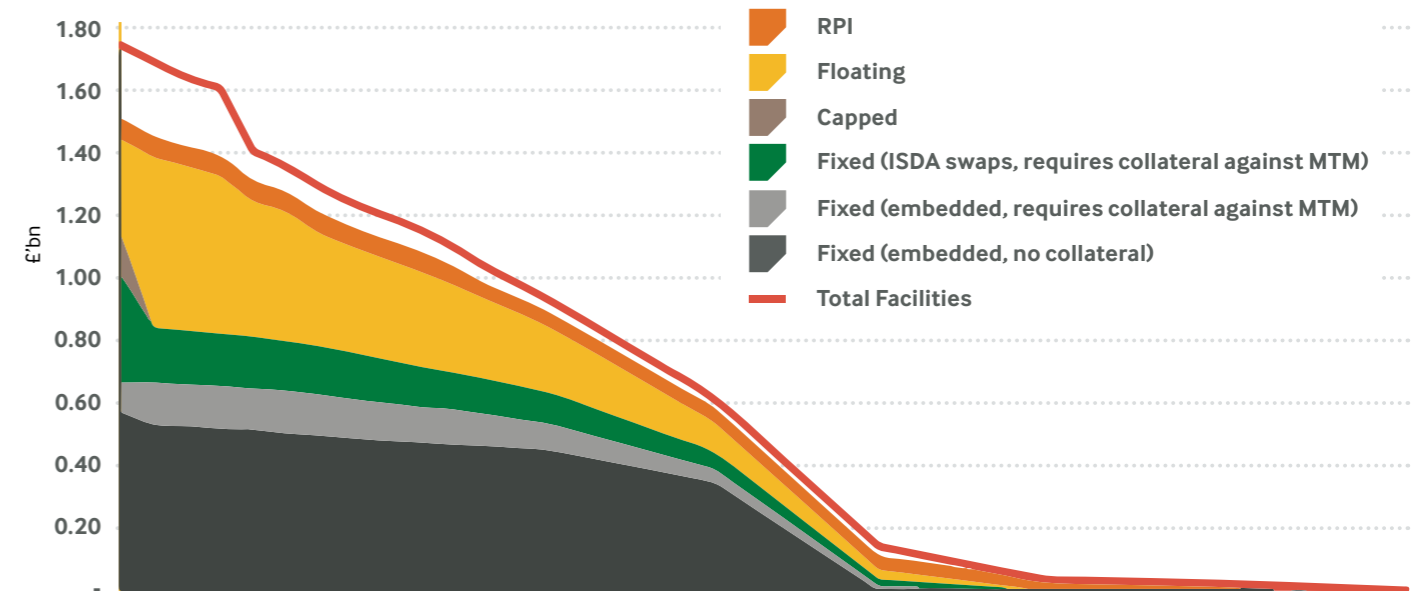
Financial summary and review

Net Debt drawn down per unit (£k)



Financial summary and review

Loan maturity profile



Exposure to interest rates is managed through the use of standalone and embedded hedges. At 31 March 2017, £340.5m (2016: £350m) of standalone interest rate swaps were outstanding, with an average maturity of 7 years. Genesis' total hedged position at 31 March 2017 (consisting of fixed, capped and RPI linked interest rates) was £1,216m, representing 80% of the total borrowings (2016: £1,294m; 87% of total borrowing).

Credit rating

Genesis has a credit rating of A- by Standard and Poor's and a credit rating of Baa1 by Moody's.

Tax strategy

Genesis has published a tax strategy, which sets out its approach to tax management within Genesis Housing Association and its subsidiary undertakings. The strategy can be accessed on our website via the link below:

www.genesisha.org.uk/about_genesis/openness_and_transparency/reports.aspx

Future outlook



Report of the Board

Merger

Genesis has continued to explore partnerships to increase its financial resilience and ability to deliver more affordable homes. On 19 July 2017, the Boards of Notting Hill Housing and Genesis Housing Association agreed in principle to merge, a move that would create one of the country's largest housing associations. The boards of both organisations agreed the merger proposal as the best decision for both businesses, their residents, their shareholders and for London and the South East. The merger is expected to complete in early 2018.

Neil Hadden
Chief Executive



From left to right: Linde Carr, resident board member at Notting Hill Housing; Elizabeth Froude, Deputy Chief Executive Designate, Notting Hill Genesis; Neil Hadden, Genesis Chief Executive; Kate Davies, Chief Executive Designate, Notting Hill Genesis; Dipesh Shah, Chair Designate, Notting Hill Genesis.

The Board presents its report and the audited financial statements for the year ended 31 March 2017.

Principal Activities

Genesis Housing Association Limited is a registered social housing provider, which is governed by a Board of directors. It has a number of subsidiaries and a small number of special purpose vehicles. The special purpose vehicles are set up solely to develop housing and regeneration schemes in particular locations. The active subsidiaries are listed on page 32 of this report.

Board Membership

At 31 March 2017, the Board comprised six non-executive and two executive members, the Chief Executive and the Deputy Chief Executive/Executive Director of Resources. All Board members have the same legal status and share responsibility equally for decisions taken. Board members are appointed through an open and transparent recruitment process based on the Board's considered view of the skills and attributes required to discharge its function effectively. Members are appointed for a term of three years and may serve no more than three consecutive terms. The Chair is appointed for a maximum of two three-year terms.

It is the Board's policy that appointments will always be based on merit. The principle of boardroom diversity is strongly supported by the Board and diversity is a key consideration in the recruitment process.

Charles Gurassa's tenure as Chair came to

an end in January 2017 and, following a competitive process, Dipesh J. Shah, OBE was appointed as his successor. Open and competitive recruitment processes were also undertaken for a resident board member and a non-executive director, the latter post to replace Colette O'Shea who stood down at the end of August 2016. All positions were filled early in 2017/18.

Board and Committee focus

The Board is responsible for the governance of Genesis' affairs. Its role is to lead, direct, control, scrutinise and evaluate the organisation's work. During the year key issues considered by the Board included:

- A potential merger with Thames Valley Housing Association. At every stage the Board remained focused on how best to secure both the present and future value of Genesis. After careful consideration, the Board took the decision to withdraw from the merger discussions in August 2016. The Board remains of the view that sector consolidation is positive for current and future residents. It remains open to approaches to and from other parties that share Genesis' ambitions and values.
- The development of Old Oak Common in the London Borough of Hammersmith and Fulham. The site offers an excellent regeneration opportunity for Genesis as it is strategically positioned at the entrance of one of the most important regeneration sites in London.

- A major new programme of Health & Safety surveys and assessments as well as related remedial works to ensure that we keep our residents safe in their homes.
- Improving customer satisfaction through significant additional investment in repairs and maintenance and the establishment of the Customer Services Committee as a new sub-committee of the Board. Three of our residents were appointed to this committee.

Report of the Board

The Board has delegated specific responsibilities to five Board Committees.

Committee	2016/17 Focus
Assets Committee	<ul style="list-style-type: none"> Monitoring the group's exposure to committed development project expenditure, liquidity and financial performance Contributing to the objective of building 5000 new homes for those who need them by scrutinising investment opportunities that will provide new homes
Audit and Risk Committee	<ul style="list-style-type: none"> A continuing focus on thematic risks including falling rent levels, an on-going development programme without the support of grant from government and the implications and readiness for Brexit. Seeking to ensure that appropriate systems and controls are in place across the Group to meet these risks will remain an important part of the Committee's work over the course of 2017 and beyond.
Customer Services Committee	<ul style="list-style-type: none"> Oversight and assessment of the impact of the delivery and implementation of services to Genesis customers. Service delivery and quality.
People Committee	<ul style="list-style-type: none"> Leading the process of appointing the new non-executive Chair, a new resident board member and a new non-executive member, as well as recruiting three new independent members of Board committees.
Treasury Committee	<ul style="list-style-type: none"> Reviewing of the adequacy and effectiveness of the organisation's Long Tern Financial Plan and treasury policies.

Customer accountability/ involvement

We have a wide range of mechanisms for customer participation including Board level membership, scrutiny and consultative panels, local resident and topic-focused groups. Our work in 2016/17 focused on:

- Setting up a working group of customers in our Care and Support schemes to review customer issues specific to this part of the business. Following discussions with customers the first project is focused on consultation.

- Customer involvement in a number of key corporate projects including the successful customer testing of our new app which led to significant changes being made to the final product and consultation on processes being implemented as part of our new Customer Relationship Management (CRM) system.
- Continuing to develop our approach to customer consultation as part of policy development and this increased importance is reflected in a new statement included in each policy.

Board Effectiveness

Following the decision not to merge with Thames Valley Housing Association, the board skills matrix was reviewed and refreshed, then completed by all non-executive directors to help inform recruitment. A Board evaluation will take place in early 2017/18.

Report of the Board

Meetings and attendance

	GHA Board	Assets Committee	Audit & Risk Committee	Customer Service Committee	People Committee	Treasure Committee	Genesis Community Foundation (GCF)
No of Meetings	12	6	5	2	3	3	3
GHA Board Members							
Charles Gurassa	9/9*	–	–	–	–	–	–
Dipesh J. Shah OBE	3/3**	–	–	–	–	–	–
David Turner	11/12	6/6	5/5	–	2/3	–	–
Imani Douglas-Walker	11/12	–	–	1/2	3/3	–	3/3
Stephen East	10/12	–	5/5	–	–	3/3	–
Bruce Mew	12/12	–	5/5	–	–	3/3	–
Colette O'Shea	1/5***	1/2***	–	–	–	–	–
Eugenie Turton CB	8/12	–	5/5	2/2	3/3	–	–
Neil Hadden	11/12	3/6	–	–	–	3/3	3/3
Elizabeth Froude	11/12	6/6	–	2/2	–	3/3	3/3
Committee & Subsidiary Board Members							
Ian Agnew	–	–	–	–	–	–	0/3****
Myra Barnes	–	4/6	–	–	–	–	–
Glenn Beatham	–	–	–	–	–	2/3	–
Julia Bird	–	–	–	2/2	–	–	–
Stephen Bitti	–	–	–	2/2	–	–	–
Peter Coleman	–	4/6	–	–	–	–	–
Nicholas Feaviour	–	–	–	–	–	2/3	–
Professor Peter Roberts	–	4/6	–	–	–	–	2/3
Alessandro Storer	–	–	–	2/2	–	–	–

*Charles Gurassa stepped down from the GHA Board on 13 January 2017 and was therefore only eligible to attend nine Board meetings.

**Dipesh J. Shah OBE was appointed to the GHA Board on 16 January 2017 and was therefore only eligible to attend three Board meetings.

***Colette O'Shea stepped down from the GHA Board on 31 August 2016 and was therefore only eligible to attend five Board meetings and two meetings of the Assets Committee.

****Ian Agnew stepped down from the GCF Board on 14 May 2016 and was therefore eligible to attend one meeting.

During the reporting period, Genesis Board members attended a significant number of extra meetings as part of the shadow governance arrangements for what would have been in preparation for the merged entity had the Genesis/Thames Valley Housing Association merger proceeded. There were 4 Shadow Board meetings and 1 meeting for each of the 5 Shadow Committees in that time.

Report of the Board

Board and Executive Pay and Reward

Payment for Non-Executive Directors is reviewed annually by the People Committee (acting as a Remuneration Committee) which makes a recommendation to the Board for approval. Payments to Non-Executive Directors were last increased in 2012/13. Benefits are limited

to out-of-pocket expenses incurred in connection with Genesis' business activities.

Executive pay is benchmarked as appropriate on appointment. Our policy is to benchmark to the median level within our peer group, which includes the G15 grouping. It is reviewed annually by our

external reward consultant and considered by the People Committee before a recommendation is made to the Board for approval. Benefits to the Chief Executive include private health insurance and a company car. All Executives benefit from a company pension.

Board Member	Remuneration £	Employers Pension £	Other Benefits £	Total £
Non-Executive				
Charles Gurassa - Chairman (resigned 13/1/17)	20,000	—	—	20,000
Dipesh J. Shah OBE - Chairman (appointed 16/1/17)	4,256	—	—	4,256
Bruce Mew	10,000	—	—	10,000
David Turner	10,000	—	—	10,000
Eugenie Turton CB	10,000	—	—	10,000
Imani Douglas-Walker	6,500	—	—	6,500
Colette O'Shea	2,708	—	—	2,708
Stephen East	10,000	—	—	10,000
Committee & Subsidiary Board Members				
Peter Coleman	3,250	—	—	3,250
Myra Barnes (resigned 31/3/17)	3,250	—	—	3,250
Glenn Beatham	3,250	—	—	3,250
Nicholas Feaviour	3,250	—	—	3,250
Professor Peter Roberts	3,250	—	—	3,250
Stephen Bitti (appointed 20/10/16)	1,362	—	—	1,362
Julia Bird (appointed 20/10/16)	1,362	—	—	1,362
Alessandro Storer (appointed 20/10/16)	1,362	—	—	1,362
Executive Directors				
Neil Hadden - Chief Executive	220,000	15,533	12,091	247,624
Elizabeth Froude - Deputy Chief Executive and Executive Director, Resources	163,750	12,281	1,812	177,843
Jeremy Stibbe (appointed 14/11/16)	61,333	3,965	—	65,298
John Carleton (left 31/7/16)	48,717	2,679	843	52,239
Laurice Ponting (left 31/7/16)	46,863	3,515	563	50,940

In the year, loss of office payments were made totalling £181,000.

Report of the Board

Code of Governance

The Board has complied with the National Housing Federation (NHF) Code of Governance during the reporting period. In fulfilling its obligations under the Code, the Board makes use of good practice drawn not only from guidance to that Code but also, as part of its continuing commitment to transparency, to the UK Corporate Governance Code. The Board aims to continue to reflect corporate governance best practice and will annually review which Code is the most appropriate Code for it to measure itself against.

Safeguarding our customers

There has been a wholesale shift in Genesis' approach to safeguarding across 2016/17 which has been overseen by the board. Significant improvements have been put in place to empower staff to promptly and effectively identify and respond to concerns that a child or adult at risk is suffering, or at risk of, abuse or neglect. These include:

- Revised case handling procedures, comprehensive training and support materials for handling complex cases for staff;
- Regular awareness raising of safeguarding issues with staff and customers;
- A revised approach to procurement to ensure our contractors and suppliers share our commitment to safeguarding children and adults at risk.

We have a high level of engagement with our partners - our audit process identified that in 78% of cases a multi-agency approach was being adopted to resolve cases. Our practice was commended by one Safeguarding Adult Review and three Safeguarding Adults Board audits. Genesis has accepted an invitation to join the Tri-borough Safeguarding Adults Board and co-chair the community engagement sub group of the board. We also represent all housing providers as a member of the City & Hackney Safeguarding Adults Board.

Modern slavery approach

The Board is committed to upholding the provisions of the Modern Slavery Act 2015. Genesis published its first annual statement in September 2016. Genesis has undertaken the following actions to ensure its business is free from modern slavery:

- Supplier statements have been issued to existing suppliers setting out Genesis' commitment to a business that is free from modern slavery and its expectations of its current suppliers;
- Genesis' standard contractual terms and conditions have been updated to incorporate modern slavery clauses;
- Genesis' procurement process has been updated to include the supplier statement as part of the tender process; and
- An e-learning module is under development for procurement which will include a focus on modern slavery.

Corporate Social Responsibility

Genesis takes the wellbeing of its customers, staff and wider community seriously and has established a Corporate Social Responsibility Wellbeing Group, led by senior staff. It has set internal targets for improving the life chances of residents and also monitors Genesis' social return on investment. A detailed impact report on the outcomes achieved will be published by Genesis in September 2017.

Political and Charitable Contributions.

Genesis supports three charities and provides organisational support behind fundraising drives. The charities supported are:

- The Sick Children's Trust (who provide free, high-quality 'Home from Home' accommodation, as well as emotional and practical support to families with sick children in hospital in the UK)
- East Anglia Children's Hospices (supporting families facing terminal illness across Norfolk, Cambridgeshire and Suffolk)
- Open Age (champions an active lifestyle for the over 50s).

These three charities each have a housing connection and are active in those areas where our residents and customers live their lives. Last financial year saw staff efforts raise £5,236. This money is split three ways between the charities and match-funded by

Report of the Board

Genesis, thereby doubling the contribution. The Genesis Community Foundation (a subsidiary of GHA and a registered charity) was set up to help fund a series of social regeneration and community projects in London and the South East. During 2016/17 we:

- disbursed £125,144 on projects that were awarded funding in previous years
- awarded £24,000 of new funding.

Genesis made no political contributions during 2016/17.

Environmental Awareness

Genesis is committed to minimising its environmental impact and achieving high environmental standards across its operations. A holistic Environmental Sustainability Strategy is now in place to drive improvements to 2020 through a dedicated programme.

This programme is an integral part of the organisation's Corporate Social Responsibility strategy and is supported by the Environmental Policy Statement 2015. In line with the new Assets & Investments strategy our key aims for the coming year include:

- Delivery of a retrofit programme to our energy centres (delivering heat and hot water to nearly 7000 households)
- Switching to a new energy billing provider to provide better customer service

- Delivery of a pathfinder retrofit programme to improve the energy efficiency of our worst performing stock

At the end of 2016, Genesis underwent a detailed benchmarking exercise (SHIFT) and achieved the Silver Standard and was nominated as 'best improved' organisation when comparing its environmental performance with 75 other Registered Providers. The results of this exercise form the basis of a new action plan and a push towards higher environmental performance. Genesis improved its SHIFT score by 23% in 2016 compared to its assessment in 2014, and narrowly missed achieving SHIFT Gold in 2016. We look to continue improving to achieve SHIFT platinum by 2020.

Health and Safety

Genesis is committed to delivering safe workplaces, equipment and systems of work for its staff and a safe and healthy environment for its customers. Good progress was made in 2016/17 against our existing Health & Safety Strategy including completion of a new programme of fire risk assessments across our portfolio. Health & Safety remains a major area of focus for the Board and the Executive.

Internal Controls

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

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 misstatement 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.

Genesis has a multi-tiered internal control framework which sets out how actions and decisions should be taken and which ensures that compliance is effectively assessed. Our Governance Structure sets out the operating boundaries and defines the activities of the Board, committees, subsidiary organisations and the executive team. Our Scheme of Delegation sets out who has authority to do what at an operational level and those authorities are embedded in our key financial and management systems.

Internal controls performance and effectiveness

Genesis' internal auditors assessed the effectiveness of internal controls in mitigating Genesis' exposure to risk. Their reports assess and rate the design and operating effectiveness of management systems and controls.

Report of the Board

Systems design ratings have been consistently 'moderate' or 'substantial' during the period. The ratings for operating effectiveness have improved over the previous year and are now more consistently 'moderate' or 'substantial'. The Board has recognised both the need to continue to improve in these areas and that Genesis focuses its internal audit work on areas where there is a high risk of control failure or where management considers there may be control weaknesses.

The internal control framework is designed to identify, evaluate and manage 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 Homes and Communities Agency has been notified of any frauds identified, and reflected the information contained within it in its review.

The Board confirms 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.

Fraud and Anti-Corruption

Genesis is committed to maintaining the highest possible ethical standards in all of its business activities. A Fraud Policy is in place covering the prevention, detection, investigation and reporting of fraud and any remedial action to prevent a recurrence.

All cases of fraud and attempted fraud are reported to the Executive Team and to the Audit and Risk Committee. This policy and the associated fraud response plan was revised and re-issued in March 2017.

The fraud register is reviewed by the Executive Team and Audit and Risk Committee every quarter. During 2016/17 there was a small amount of tenancy fraud reported but no non-tenancy fraud. This will be included on the annual fraud return to the regulator.

Genesis' Anti-Bribery Policy makes clear that we have zero tolerance of any form of bribery. The Policy was revised and reissued in October 2015 and as well as anti-bribery measures it sets out Genesis' rules and expectations regarding the acceptance of gifts and hospitality.

Genesis operates a Whistleblowing Policy that encourages employees and others to express any serious concerns regarding suspected misconduct or malpractice going on within the organisation. This policy was revised and reissued in January 2016.

Genesis is aware of its responsibilities with regard to detecting and reporting money laundering. Genesis' Anti-Money Laundering policy was revised and re-issued in February 2017.

Statement of Board Responsibility

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

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 - The Financial Reporting Standard applicable in the UK and Republic of Ireland.

The financial statements are required by law to give a true and fair view of the state of affairs of the group and the association and of the income and expenditure of the group and the association for that period.

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

- Select suitable accounting policies and then apply them consistently;
- Make judgements and estimates that are reasonable and prudent;
- State whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the

Report of the Board

financial position of the association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015 and the Registered Social Landlords Determination of Accounting Requirements 2012.

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 is 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.

Regulation and Compliance

The Board is required to formally certify compliance with the Homes and Communities Agency (HCA) revised Governance and Viability standard and supporting Code of Practice on an annual basis. A detailed, evidence-based assessment against each element of the new Standard and Code was carried out in preparation for making a statement of compliance to the Board. The Board approved the statement and formally certified its compliance with the Standard and Code at its meeting on 20 March 2017.

The HCA has confirmed that Genesis continues to comply with the required standards and graded the organisation as G1/V2. This was published on 31 May 2017. The HCA judgement, based on its revised approach to viability assessments, was that Genesis has carried out detailed stress testing across a range of business risks, including sales delays and a drop in sales values, increases in interest rates and inflation affecting operating expenditure and development costs and increases in bad debts. This has demonstrated that Genesis has the financial capacity to deal with a reasonable range of exposures but needs to manage the material risks identified in its stress testing arising from its growth and sales strategy to ensure continued compliance. A similar re-grading has taken place among other associations in the sector, for the same reasons.

Genesis has considered the regulatory changes arising from the Housing and Planning Act 2016 and the Welfare Reform and Work Act 2016 and has instituted appropriate procedural and reporting mechanisms to ensure ongoing compliance.

Going Concern

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

Disclosure to the auditors

Disclosure of information to auditor

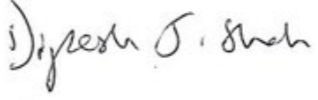
Insofar as each Member of the Board is aware:

- There is no relevant audit information of which the company's auditors are unaware;
- Members of the Board have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that auditors are aware of that information.

Appointment of external auditors

BDO LLP were awarded the contract as external auditors to Genesis in year. A resolution to confirm their appointment will be proposed at the Annual General Meeting of Genesis Housing Association Limited to be held on 19 September 2017.

By order of the board



Dipesh J. Shah, OBE
Chairman

Genesis Housing Association Limited
Atelier House
64 Pratt Street
Camden
London
NW1 0DL

INDEPENDENT AUDITOR'S REPORT 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 2017 which comprise the consolidated and association statement of comprehensive income, the consolidated and association statement of financial position, the consolidation and association statement of reserves, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the association's members, as a body, in accordance with the Housing and Regeneration Act 2008 and Section 87 of the Co-operative and Community Benefit Societies Act 2014. 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 auditors

As explained more fully in the statement of board member responsibilities, the board members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Financial Reporting Council's (FRC'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 of the state of the group's and parent association's affairs as at 31 March 2017 and of the group's and parent association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the parent association; or
- a satisfactory system of control has not been maintained over transactions; or
- the parent association financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



Philip Cliftlands, statutory auditor

BDO LLP
55 Baker Street
London
W1U 7EU
United Kingdom

Date: 29 August 2017

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

Consolidated Statement of Comprehensive Income

Year ended 31 March 2017

	Note	Group 2017 £m	Group 2016 £m	Association 2017 £m	Association 2016 £m
Turnover	4, 5	264.3	333.8	263.2	307.6
Cost of sales	4, 5	(7.3)	(71.6)	(6.2)	(45.7)
Gross surplus		257.0	262.2	257.0	261.9
Operating costs	4, 5	(204.2)	(204.0)	(204.0)	(203.5)
Impairment	4	–	(0.4)	–	(0.4)
Operating surplus		52.8	57.8	53.0	58.0
Surplus on sales of properties	10	27.1	24.5	26.0	24.5
Interest receivable and similar income	11	0.2	0.4	2.0	1.9
Interest payable and similar charges	12	(62.2)	(65.2)	(63.8)	(66.7)
Other finance costs	13	(1.0)	(1.3)	(1.0)	(1.3)
Movement in fair value of ineffective hedged financial instruments	31	(4.2)	–	(4.2)	(0.2)
Movement in fair value of investment properties		12.3	6.3	12.5	4.3
Surplus before taxation		25.0	22.5	24.5	20.5
Taxation	14	(0.2)	(1.4)	(0.2)	(1.0)
Surplus for the year		24.8	21.1	24.3	19.5
Other comprehensive income					
Actuarial (loss)/surplus in respect of pension schemes	33	(1.5)	5.4	(1.5)	5.4
Movement in fair value of effective hedged financial instrument	31	5.2	(1.6)	5.2	(1.4)
Total comprehensive income for the year		28.5	24.9	28.0	23.5

All amounts relate to continuing operations.

The notes on pages 62 to 115 form part of these financial statements.

Statement of Financial Position

Year ended 31 March 2017

	Note	Group 2017 £m	Group 2016 £m	Association 2017 £m	Association 2016 £m
Fixed assets					
Tangible fixed assets – housing properties	15	3,072.9	3,035.1	3,073.0	3,035.0
Tangible fixed assets – other	16	30.0	28.2	30.0	28.2
Investment properties	17	139.3	124.2	130.5	115.4
Investments – listed at market value	18	2.4	2.6	–	–
Investment – in subsidiaries	19	–	–	0.9	0.9
Investments – jointly controlled entities	20	2.5	2.5	2.5	2.5
		3,247.1	3,192.6	3,236.9	3,182.0
Current assets					
Stock	21	91.1	48.0	74.1	27.8
Debtors – receivable within one year	22	48.1	41.9	43.5	165.1
Debtors – receivable after one year	22	4.0	1.8	4.0	4.1
Investments	23	33.5	33.3	33.5	33.3
Cash and cash equivalents		67.6	116.2	55.6	110.0
		244.3	241.2	210.7	340.3
Creditors: amounts falling due within one year	24	(143.2)	(142.3)	(124.9)	(232.6)
Net current assets		101.1	98.9	85.8	107.7
Total assets less current liabilities		3,348.2	3,291.5	3,322.7	3,289.7
Creditors: amounts falling due after more one year	25	(2,507.1)	(2,481.6)	(2,492.9)	(2,490.6)
Provisions for liabilities	32	(1.4)	(1.4)	(1.4)	(1.4)
Net assets excluding pension liability		839.7	808.5	828.4	797.7
Pension liability	33	(32.9)	(30.2)	(32.9)	(30.3)
Net assets		806.8	778.3	795.5	767.4

Statement of Financial Position cont'd

Year ended 31 March 2017

Note	Group 2017 £m	Group 2016 £m	Association 2017 £m	Association 2016 £m
Reserves				
Cash flow hedge reserve	(22.3)	(27.5)	(22.3)	(27.1)
Income and expenditure reserve	407.7	384.4	399.0	375.7
Revaluation reserve	418.3	418.3	418.6	418.6
Restricted reserve	3.1	3.1	0.2	0.2
	806.8	778.3	795.5	767.4

The notes on pages 62 to 115 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 27 July 2017.

Dipesh J. Shah OBE
Chairman

Neil Hadden
Director

Elizabeth Froude
Director

Hilary Milne
Company Secretary

Consolidated Statement of Reserves

Year ended 31 March 2017

Group	Income and expenditure reserve £m	Revaluation reserve £m	Restricted reserve £m	Cash flow hedge reserve £m	Total reserves £m
Balance at 1 April as previously reported	395.6	418.3	3.1	(27.5)	789.5
Prior year adjustments	(11.2)	–	–	–	(11.2)
Balance at 1 April 2016	384.4	418.3	3.1	(27.5)	778.3
Surplus for the year	24.8	–	–	–	24.8
Actuarial (losses)/gains on defined benefit pension scheme	(1.5)	–	–	–	(1.5)
Movement in fair value of hedged financial instrument	–	–	–	5.2	5.2
Tax in respect of items of other comprehensive income	–	–	–	–	–
Other comprehensive income for the year	407.7	418.3	3.1	(22.3)	806.8
Balance at 31 March 2017	407.7	418.3	3.1	(22.3)	806.8

Association	Income and expenditure reserve £m	Revaluation reserve £m	Restricted reserve £m	Cash flow hedge reserve £m	Total reserves £m
Balance at 1 April as previously reported	386.3	418.6	0.2	(27.1)	778.0
Prior year adjustments	(10.2)	–	–	(0.4)	(10.6)
Balance at 1 April 2016	376.1	418.6	0.2	(27.5)	767.4
Surplus for the year	24.4	–	–	–	24.4
Actuarial (losses)/gains on defined benefit pension scheme	(1.5)	–	–	–	(1.5)
Movement in fair value of hedged financial instrument	–	–	–	5.2	5.2
Tax in respect of items of other comprehensive income	–	–	–	–	–
Other comprehensive income for the year	399.0	418.6	0.2	(22.3)	795.5
Balance at 31 March 2017	399.0	418.6	0.2	(22.3)	795.5

Consolidated Statement of Reserves

Year ended 31 March 2017

Group	Income and expenditure reserve £m	Revaluation reserve £m	Restricted reserve £m	Cash flow hedge reserve £m	Total reserves £m
Balance at 1 April 2015	363.7	417.3	3.1	(25.9)	758.2
Surplus for the year	27.5	–	–	–	27.5
Actuarial gains/(losses) on defined benefit pension scheme	5.4	–	–	–	5.4
Movement in fair value of hedged financial instrument	–	–	–	(1.6)	(1.6)
Other comprehensive income for the year	396.6	417.3	3.1	(27.5)	789.5
<i>Reserves transfers:</i>					
Transfer to revaluation reserve from income and expenditure reserve	(1.0)	1.0	–	–	–
Balance at 31 March 2016	395.6	418.3	3.1	(27.5)	789.5

Association	Income and expenditure reserve £m	Revaluation reserve £m	Restricted reserve £m	Cash flow hedge reserve £m	Total reserves £m
Balance at 1 April 2015	356.5	417.3	0.2	(25.9)	748.1
Transfer from reserves	–	–	–	–	–
Surplus for the year	25.7	–	–	–	25.7
Actuarial gains/(losses) on defined benefit pension scheme	5.4	–	–	–	5.4
Other comprehensive income for the year	387.6	417.3	0.2	(25.9)	779.2
<i>Reserves transfers:</i>					
Transfer to revaluation reserve from income and expenditure reserve	(1.3)	1.3	–	–	–
Transfer of restricted expenditure from income and expenditure reserve	–	–	–	(1.2)	(1.2)
Balance at 31 March 2016	386.3	418.6	0.2	(27.1)	778.0

The notes on pages 62 to 115 form part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 31 March 2017

	Note	2017 £m	2016 £m
Net cash generated from operating activities	38	52.2	153.2
Cash flow from investing activities			
Proceeds from sale of housing properties		69.8	72.8
Purchase of fixed assets - Housing Properties		(84.9)	(76.2)
Purchase of fixed assets – other		(6.3)	(3.9)
Proceeds from sale of other fixed assets		–	(2.5)
Purchase of investment properties		(45.2)	(21.9)
Proceeds from current assets investment		1.2	3.6
Grants received		5.9	3.8
Interest received		0.2	0.4
Net cash used in investing activities		(59.3)	(23.9)
Cash flow from financing activities			
Interest paid		(67.7)	(69.7)
New loans		68.2	48.2
Repayment of loans		(31.5)	(78.2)
Repayment of HCA grants		(0.9)	–
Repayment of HCA loans		(9.6)	–
Net cash used in financing activities		(41.5)	(99.7)
Net change in cash and cash equivalents		(48.6)	29.6
Cash and cash equivalents at beginning of the year		116.2	86.6
Cash and cash equivalents at end of the year		67.6	116.2

The notes on pages 62 to 115 form part of these financial statements.

Notes (forming part of the financial statements)

Year ended 31 March 2017

1. Legal status

Genesis Housing Association Limited, a public benefit entity incorporated in England, is registered under the Co-operative and Community Benefit Societies Act 2014 (No: 31241R) and with the Homes and Community Agency (No: 4655).

2. Accounting policies

Basis of preparation

The financial statements have been prepared on the going concern basis and in accordance and compliance with The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland (FRS 102), the Statement of Recommended Practice for registered social housing providers 'Housing SORP 2014' ('SORP 2014'), the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015.

Parent entity exemptions

In preparing the financial statements of the parent Association, Genesis has taken advantage of the following disclosure exemptions available in FRS 102:

– No Statement of Cash Flows has been prepared for the parent Association;

– The aggregate remuneration of the key management personnel of the Association is not disclosed as their remuneration is included in the totals for the Group.

Basis of consolidation

The consolidated accounts incorporate the financial statements of Genesis Housing Association Limited and its wholly owned subsidiaries. Further details of the subsidiaries are disclosed in Notes 19 & 20. The results of subsidiaries are included in the consolidated Statement of Comprehensive Income from the date of incorporation or acquisition. Subsidiaries acquired during the year are consolidated using the purchase 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. The Group has chosen not to retrospectively apply FRS 102 to business combinations that occurred before the date of transition. The investment in LINQ, an associated entity, has not been consolidated on the basis of immateriality.

Investments

Equity investments

Investments in jointly controlled entities are accounted for under the equity accounting method recognising the Group's share of the results and net assets on consolidation.

Listed investments

Listed investments are stated at their market value. Gains and losses on

revaluation are recognised in the Statement of Comprehensive Income.

Investment properties

Certain properties in the group are held for long-term investment and are not held as social housing. Investment properties consist of commercial properties and market rent properties. Investment properties are accounted for as follows:

- Investment properties are initially recognised at cost which includes purchase cost and any directly attributable expenditure.
- Investment properties whose fair value can be measured reliably are measured at fair value annually by external valuers. Investment properties are professionally valued annually based on market value. This uses traditional discounted cash flow methodology to capitalise the market rental values at a market capitalisation rate. There is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself. The surplus or deficit on revaluation is recognised in the Statement of Comprehensive Income and accumulated in the income and expenditure reserve unless a deficit below original cost, or its reversal, on an individual investment property is expected to be permanent, in which case it is recognised in the Statement of Comprehensive Income for the year. Depreciation does not apply to these properties.

Notes (forming part of the financial statements)

Year ended 31 March 2017

Fixed assets and depreciation

Housing

Tangible fixed assets – Housing properties

Housing properties constructed or acquired (including land) on the open market since the date of transition to FRS 102 are stated at cost less depreciation and impairment (where applicable).

Cost includes the cost of acquiring land and buildings, development costs, interest capitalised accrued during the development period that specifically relates to financing of the development programme after deduction of interest on social housing grant, 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 Statement of Comprehensive Income.

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

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 Housing Properties 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 is dealt with in current assets under housing properties and stock for sale.

Completed Housing properties acquired from subsidiaries are at contractually agreed transfer price at the date of acquisition.

Deemed cost on transition to FRS 102

During the previous year the Group took the option of carrying out a one-off valuation exercise of selected items of housing properties and using that amount as deemed cost. To determine the deemed cost at 1st April 2014, the Group engaged independent valuation specialist, Jones Lang LaSalle, to value the Land element of housing properties on an existing use value for social housing (EUV-SH). The proportion of the overall valuation assigned to Land by Jones Lang LaSalle ranged from 75–83%. Housing properties have subsequently been measured at cost less depreciation.

The change in the value of land was recognised in the Revaluation reserve.

Deemed cost was only applied to land associated with social housing and shared ownership properties where the fair value of the land exceeded the historical cost,

but capped at the fair value of total value of the assets. No fair values at transition date were applied to either structure or any component. Any difference between historical cost depreciation and depreciation calculated on deemed cost was transferred to the Income and expenditure reserve for the asset concerned.

Depreciation of housing property

Housing land and property is split between land, structure and other major components that are expected to require replacement over time.

Freehold land is not subject to depreciation on account of its indefinite useful economic life. Depreciation is provided on all Housing property at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Component	Years
Structure	150
Roof	60
Heating	30
Bathroom	30
Windows	30
Kitchen	20
Boiler	15

The expected useful life of each asset class is reviewed annually. Leasehold properties are depreciated over the course of the lease term. The portion of shared ownership property retained or expected to be retained is not depreciated on account of the high residual value. Neither the depreciable amount nor the expected

Notes (forming part of the financial statements)

Year ended 31 March 2017

annual depreciation charge for such assets is considered material, individually or in aggregate.

Assets in the course of construction are not depreciated until they are completed and ready for use to ensure that they are depreciated only in periods in which economic benefits are expected to be consumed.

Stock swaps

Housing properties acquired from other social landlords in exchange for non-monetary assets, or a combination of monetary and non-monetary assets, are measured at fair value.

Other grants

Grants received from non-government sources are recognised using the performance model. Under the performance model grants are recognised as follows:

- grant is recognised in income when the grant proceeds are received (or receivable) provided that the terms of the grant do not impose future performance-related conditions*
- if the terms of a grant do impose performance-related conditions* on the recipient, the grant is only recognised in income when the performance-related conditions* are met
- any grants that are received before the revenue recognition criteria are met

are recognised in the entity's financial statements as a liability

*performance-related conditions are defined "A condition that requires the performance of a particular level of service or units of output to be delivered, with payment of, or entitlement to, the resources conditional on that performance"

Disposal Proceeds Fund

Receipts from Right to Acquire (RTA) sales are required to be retained in a ring fenced fund that can only be used for providing replacement housing. The sales receipts less eligible expenses are credited to the Disposal Proceeds Fund. Any sales receipts less eligible expenses held within disposal proceeds fund, which it is anticipated will not be used within one year is disclosed in the financial position under "creditors due after more than one year". The remainder is disclosed under "creditors due within one year".

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 housing properties and included in completed housing property at cost and any provision for impairment. Sales of subsequent tranches are treated as a part disposal of Housing Properties and are included in Surplus on sales of properties. 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.

Low cost home ownership properties are not depreciated on account of the high residual value.

Social Housing Grant ("SHG")

Grants received in relation to assets that are presented at deemed cost at the date of transition have been accounted for using the performance model for land which has been revalued, and accruals method for structure which has remained at historic cost. Grants attributed to land and structure stated at historic cost have been accounted for using the accruals method as required by Housing SORP 2014.

Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment. Housing properties accounted for at cost recognise related government grants using the accrual model. Grants are held in the Statement of Financial Position under creditors amounts falling due after more than one

Notes (forming part of the financial statements)

Year ended 31 March 2017

year and creditors due within one year for amounts amortised in the current year. Grants are recognised in the Statement of Comprehensive Income on a straight line basis over the expected useful life of the asset for which they were received.

Where social housing grant funded property is sold, the grant becomes recyclable and is transferred to a recycled capital grant fund until it is reinvested in a replacement property. If there is no requirement to recycle or repay the grant on disposal of the assets any unamortised grant remaining within creditors is released and recognised as income within the Statement of Comprehensive Income.

Recycled Capital Grant Fund

On the occurrence of certain relevant events, primarily the sale of dwellings, the Homes & Communities Agency (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 Statement of Financial Position under "creditors due after more than one year". The remainder is disclosed under "creditors due within one year".

Other fixed assets and depreciation

Tangible fixed assets other than housing properties and investment properties

are stated at cost less accumulated depreciation. Depreciation is applied 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. No depreciation is provided on freehold land. The expected useful lives for each component are as follows:

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

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Statement of Comprehensive Income.

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 Statement of Comprehensive Income. 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 account. 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

Leases are classified as either operating or finance lease in accordance with FRS 102 section 20. A finance lease is classified as one that transfers substantially all the risks and rewards of ownership to the Group.

Assets acquired under finance leases are recognised as assets and liabilities in its statement of financial position at amounts equal to the fair value of the leased asset or, if lower, the present value of the minimum lease payments, determined at the inception of the lease. Depreciation is charged on these assets to the Statement of Comprehensive Income over the shorter of the estimated useful economic life and the term of the lease. Operating lease rentals are charged to the Statement of

Notes (forming part of the financial statements)

Year ended 31 March 2017

Comprehensive Income on a straight line basis over the period of the lease.

Employee benefits

Genesis participates in three defined benefit pension 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.

As at 1 March 2016, the Group transferred out its pension liability from SHPS to an in-house scheme under the trusteeship of The Pensions Trust. All new members will form part of the defined contribution scheme and the contributions payable during the year are recognised in the Statement of Comprehensive Income. All previously operated defined benefit schemes are now closed except in relation to deferred members and pensioners. These assets and liabilities are recorded in the Statement of Financial Position. Contributions payable, net interest and actuarial gains/losses are recognised in the Statement of Comprehensive Income.

Stock for sale and work in progress

Stock for sale and work in progress 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. Net realisable value is based on estimated sales proceeds after allowing for all further costs to completion and selling costs.

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 Statement of Comprehensive Income, 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. Where payments on account exceed turnover recognised they are separately disclosed within creditors.

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. The effect of the time value of money is not material and therefore the provisions are not discounted.

Contingent Liabilities

The group has disclosed contingent liabilities where there is a possible, but uncertain

obligation to repay social housing grant in the future. Actual payment is contingent upon the future disposal of housing properties for which the grant was received.

VAT

The Group is VAT registered. As a large proportion of its income, including residential rents, is exempt, this gives rise to a partial exemption calculation. Unrecoverable VAT is charged to the Statement of Comprehensive Income.

Taxation

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 the basis of probability 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 Statement of Financial Position date.

Cash and Current asset investments

Cash, for the purpose of the Statement of Cash Flows 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 known amounts of cash at or close to their carrying values or traded in an active market. Current asset

Notes (forming part of the financial statements)

Year ended 31 March 2017

investments comprise term deposits of less than three months (other than cash), government securities and investments in money market managed funds measured at fair value.

Financial Instruments

The association has financial assets and financial liabilities of a kind that qualify as basic financial instruments, except for cash flow hedges. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost. In respect of the Group's financial instruments, the Group has adopted FRS102 Financial Instruments Measurement and disclosures (chapters 11 and 12).

Financial Instruments are initially recorded at transaction price less any transaction costs. Subsequent measurement depends on the designation of the instrument as follows:

- Bonds, loans, short term borrowings and overdrafts are classified as other liabilities and are held at amortised cost using the effective rate of interest.
- Group on-lending is classified as other debtors and held at amortised cost.

The Group holds floating rate loans which expose the Group to interest rate risk. To mitigate this risk the Group uses interest rate swaps. These instruments are measured at fair value at each reporting date, and are carried as assets when the fair value is positive and as liabilities when the fair value is negative.

The Group has designated each of the swaps against existing drawn floating rate debt. To the extent the hedge is effective movements in fair value adjustments, other than adjustments for own or counter party credit risk, are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any movements in fair value relating to ineffectiveness and adjustments for our own or counter party credit risk are recognised in the Statement of Comprehensive Income.

Turnover

Turnover comprises rental income receivable in the year, income from property developed for sale including shared ownership first tranche sales, other services included at the invoiced value (excluding VAT) of services supplied in the year, donations received and revenue grants receivable in the year. Rental income is recognised at the point properties become available for letting and income from first tranche sales and developed for sale properties are recognised at point of legal completion. Other income is recognised in the period it is receivable.

Cost of sales

Cost of sales represents costs associated with first tranche sales and properties developed for outright sale. All costs of sales arose in the United Kingdom.

Finance costs

Finance costs are charged to the Statement of Comprehensive Income as they are

incurred; issue costs and premiums are written off over the course of the loans concerned.

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. Interest on intra-group loans is charged at an arm's length rate.

Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the financial position date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement and is accrued at the Statement of Financial Position date.

Debtors and creditors

Debtors and creditors with no stated interest rate that are receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the Statement of Comprehensive Income in other operating expenses.

Recoverable amount of rental and other trade receivables

The Group estimates the recoverable value of rental and other receivables and impairs the debtor by appropriate amounts. When assessing the amount to impair it

Notes (forming part of the financial statements) Year ended 31 March 2017

reviews the age profile of the debt, historical collection rates and the class of debt.

Leasehold sinking funds

Unexpended amounts collected from leaseholders for major repairs on leasehold schemes and any interest received are included in creditors.

3. Key judgements in applying accounting policies and key sources of estimated uncertainty

In preparing these financial statements, key judgements have been made in respect of the following:

- Whether there are indicators of impairment of the Group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected
- Future performance of that unit. The directors have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH as determined by external third party valuations, or depreciated replacement cost. The Directors have also considered impairment based on their assumptions to define cash or asset generating units

- The anticipated costs to complete on a development scheme are based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, they then determine the recoverability of the cost of properties developed for outright sale and/or land held for sale based on external third party valuations
- The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation such as standard rates of inflation, mortality, discount rate and anticipated future salary increases as agreed with The Pensions Trust and London Pensions Fund Authority every year. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense. An actuarial valuation is undertaken on an annual basis to determine the impact of these assumptions
- Whether leases entered into by the group either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis

- The appropriate allocation of costs based on floor area for mixed tenure developments, and furthermore the allocation of costs based on floor area relating to shared ownership between current and fixed assets
- The categorisation of housing properties as investment properties or social housing property based on the use of the asset as agreed by the Board
- Proceeds from first tranche sales are included in Turnover, while subsequent staircasing sales are recognised within Surplus on sales or properties. The assumed first tranche percentage for Shared ownership sales is 30%.

Tangible fixed assets (see Notes 15 and 16):

- Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed periodically and may vary depending on a number of factors
- In re-assessing asset lives, factors such as the degree of regularity in the replacement required; and
- the materiality of separately depreciating the component; and future market conditions, and projected disposal values are taken into account

Notes (forming part of the financial statements) Year ended 31 March 2017

- Investment properties are professionally valued annually using a yield methodology. This uses market rental values capitalised at a market capitalisation rate but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself. The key input into the valuations was the capitalisation rate: 4% – 5%, with a weighted average of 4.37%.

Investments and Investment Properties (see Notes 17 and 18):

The most critical estimates, assumptions and judgements relate to the determination of the carrying value of investments at fair value through the Statement of Comprehensive Income. In determining this amount, the Group follows the International Private Equity and Venture Capital Valuation Guidelines, applying the overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction. The nature, facts and circumstance of the investment drives the valuation methodology.

Hedging instruments:

At the inception of the hedge relationship, the Association documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Association documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item.

Notes (forming part of the financial statements)

Year ended 31 March 2017

4. Particulars of turnover, cost of sales, operating costs and operating surplus – Group	Turnover 2017 £m	Cost of sales 2017 £m	Impairment 2017 £m	Operating costs 2017 £m	Operating surplus 2017 £m
Social housing lettings (Note 5)	240.5	–	–	(193.3)	47.2
Other social housing activities					
First tranche sales	6.3	(5.8)	–	–	0.5
	246.8	(5.8)	–	(193.3)	47.7
Activities other than social housing activities					
Outright sales	4.4	(1.5)	–	–	2.9
Lettings	13.1	–	–	(10.9)	2.2
	17.5	(1.5)	–	(10.9)	5.1
	264.3	(7.3)	–	(204.2)	52.8

4. Particulars of turnover, cost of sales, operating costs and operating surplus – Group	Turnover 2016 £m	Cost of sales 2016 £m	Impairment 2016 £m	Operating costs 2016 £m	Operating surplus 2016 £m
Social housing lettings (Note 5)	249.4	–	–	(200.8)	48.6
Other social housing activities					
First tranche sales	19.1	(17.2)	–	–	1.9
Other	–	–	–	(1.8)	(1.8)
	268.5	(17.2)	–	(202.6)	48.7
Activities other than social housing activities					
Outright sales	58.3	(54.4)	–	–	3.9
Lettings	7.0	–	(0.4)	(1.4)	5.2
	65.3	(54.4)	(0.4)	(1.4)	9.1
	333.8	(71.6)	(0.4)	(204.0)	57.8

Notes (forming part of the financial statements)

Year ended 31 March 2017

4. Particulars of turnover, cost of sales, operating costs and operating surplus – Association	Turnover 2017 £m	Cost of sales 2017 £m	Impairment 2017 £m	Operating costs 2017 £m	Operating surplus 2017 £m
Social housing lettings (Note 5)	240.4	–	–	(193.3)	47.1
Other social housing activities					
First tranche sales	6.3	(5.6)	–	–	0.7
	246.7	(5.6)	–	(193.3)	47.8
Activities other than social housing activities					
Outright sales	3.5	(0.6)	–	–	2.9
Lettings	13.0	–	–	(10.7)	2.3
	16.5	(0.6)	–	(10.7)	5.2
	263.2	(6.2)	–	(204.0)	53.0

4. Particulars of turnover, cost of sales, operating costs and operating surplus – Association	Turnover 2016 £m	Cost of sales 2016 £m	Impairment 2016 £m	Operating costs 2016 £m	Operating surplus 2016 £m
Social housing lettings (Note 5)	249.4	–	–	(200.7)	48.7
Other social housing activities					
First tranche sales	18.8	(17.2)	–	–	1.6
Other	–	–	–	(1.5)	(1.5)
	268.2	(17.2)	–	(202.2)	48.8
Activities other than social housing activities					
Outright sales	32.3	(28.5)	–	–	3.8
Lettings	7.1	–	(0.4)	(1.3)	5.4
	39.4	(28.5)	(0.4)	(1.3)	9.2
	307.6	(45.7)	(0.4)	(203.5)	58.0

Notes (forming part of the financial statements)

Year ended 31 March 2017

5. Income and expenditure from social housing lettings – Group	General needs £m	Temporary housing £m	Supported housing £m	Low cost home ownership £m	Key worker £m	Total 2017 £m	Total 2016 £m
Income:							
Rents net of identifiable service charge	110.5	45.6	15.2	11.6	8.8	191.7	204.9
Service charge income	12.0	–	11.7	5.5	0.5	29.7	25.7
Net rental income	122.5	45.6	26.9	17.1	9.3	221.4	230.6
Management fee receivable	0.1	0.6	0.1	–	0.3	1.1	1.0
Supporting people grant	–	–	7.8	0.2	–	8.0	8.1
Grants from local authorities and other activities	–	–	0.7	–	–	0.7	0.6
Amortised grant	3.1	0.5	0.5	1.3	0.3	5.7	5.7
Other income	0.9	0.3	1.5	0.7	0.2	3.6	3.4
Turnover from social housing lettings	126.6	47.0	37.5	19.3	10.1	240.5	249.4
Expenditure:							
Management	(41.3)	(7.4)	(10.1)	(4.9)	(5.1)	(68.8)	(74.2)
Service charge costs	(10.8)	–	(11.7)	(4.8)	–	(27.3)	(23.4)
Care and support	–	–	(7.8)	–	–	(7.8)	(8.0)
Routine maintenance	(10.8)	(2.0)	(2.6)	(0.4)	(0.6)	(16.4)	(17.1)
Planned maintenance	(5.7)	(0.9)	(0.9)	(0.5)	(0.6)	(8.6)	(5.5)
Major repairs expenditure	–	–	–	–	–	–	(0.1)
Bad debts	(1.5)	(0.7)	(0.6)	(0.2)	(0.1)	(3.1)	(1.6)
Depreciation of housing properties	(15.5)	–	(2.3)	–	(1.3)	(19.1)	(19.7)
Landlord rents	(0.4)	(40.3)	(1.2)	–	(0.3)	(42.2)	(51.2)
Operating expenditure on social housing lettings	(86.0)	(51.3)	(37.2)	(10.8)	(8.0)	(193.3)	(200.8)
Operating surplus/(deficit) on social housing lettings	40.6	(4.3)	0.3	8.5	2.1	47.2	48.6
Void losses	(1.1)	(1.5)	(1.2)	(0.5)	(0.2)	(4.5)	(5.1)

Notes (forming part of the financial statements)

Year ended 31 March 2017

5. Income and expenditure from social housing lettings – Association	General needs £m	Temporary housing £m	Supported housing £m	Low cost home ownership £m	Key worker £m	Total 2017 £m	Total 2016 £m
Income:							
Rents net of identifiable service charge	110.5	45.6	15.2	11.6	8.8	191.7	204.5
Service charge income	12.0	–	11.7	5.5	0.5	29.7	25.8
Net rental income	122.5	45.6	26.9	17.1	9.3	221.4	230.3
Management fee receivable	0.1	0.6	0.1	–	0.3	1.1	1.0
Supporting people grant	–	–	7.8	0.2	–	8.0	8.1
Grants from local authorities and other activities	–	–	0.7	–	–	0.7	0.6
Amortised grant	3.1	0.5	0.5	1.3	0.3	5.7	5.7
Other income	0.7	0.3	1.5	0.8	0.2	3.5	3.7
Turnover from social housing lettings	126.4	47.0	37.5	19.4	10.1	240.4	249.4
Expenditure:							
Management	(41.2)	(7.4)	(10.1)	(4.9)	(5.1)	(68.7)	(74.1)
Service charge costs	(10.8)	–	(11.7)	(4.8)	–	(27.3)	(23.2)
Care and support	–	–	(7.8)	–	–	(7.8)	(8.0)
Routine maintenance	(11.0)	(2.0)	(2.6)	(0.4)	(0.6)	(16.6)	(17.1)
Planned maintenance	(5.7)	(0.9)	(0.9)	(0.5)	(0.6)	(8.6)	(5.7)
Major repairs expenditure	–	–	–	–	–	–	(0.1)
Bad debts	(1.5)	(0.7)	(0.6)	(0.2)	(0.1)	(3.1)	(1.9)
Depreciation of housing properties	(15.5)	–	(2.3)	–	(1.3)	(19.1)	(19.7)
Landlord rents	(0.4)	(40.2)	(1.2)	–	(0.3)	(42.1)	(51.1)
Operating expenditure on social housing lettings	(86.1)	(51.2)	(37.2)	(10.8)	(8.0)	(193.3)	(200.7)
Operating surplus/(deficit) on social housing lettings	40.3	(4.2)	0.3	8.6	2.1	47.1	48.7
Void losses	(1.1)	(1.5)	(1.2)	(0.5)	(0.2)	(4.5)	(5.7)

Notes (forming part of the financial statements)

Year ended 31 March 2017

6. Operating surplus

	Group 2017 £m	Group 2016 £m	Association 2017 £m	Association 2016 £m
The operating surplus is arrived at after charging:				
Depreciation of housing properties	19.1	18.6	19.1	18.6
Depreciation of other tangible fixed assets	4.5	3.4	4.5	3.4
Impairment of housing properties	–	0.4	–	0.4
Operating lease charges:				
- land & building	47.5	51.2	47.5	51.2
- offices	1.3	1.7	1.3	1.7
- hire of other assets	0.5	0.4	0.5	0.4

	Group 2017 £'000	Group 2016 £'000	Association 2017 £'000	Association 2016 £'000
The operating surplus is arrived at after charging:				
Auditors' remuneration (excluding VAT):				
- audit fees (2017 – current year auditors, 2016 – prior year auditors)	144	167	144	131
- audit related assurance services prior to appointed as external auditors (2017 – current year auditors, 2016 – prior year auditors)	203	6	203	6
- other	–	55	5	55
- taxation	–	3	2	3
- due diligence	–	26	11	–
- K-Trinity software licence (paid to prior year auditors)	–	15	15	15

7. Employees

	Group 2017 £m	Group 2016 £m	Association 2017 £m	Association 2016 £m
Staff costs (including Executive Management Team) consist of:				
Wages and salaries	39.0	39.7	38.9	39.5
Social security costs	3.3	3.4	3.3	3.4
Cost of defined contribution pension scheme	1.2	1.4	1.2	1.3
	43.5	44.5	43.4	44.2

Notes (forming part of the financial statements)

Year ended 31 March 2017

The average number of employees (including Executive Management Team) expressed as full time equivalents (calculated based on a standard working week of 35 hours) during the year was as follows:

	Group 2017 No.	Group 2016 No.	Association 2017 No.	Association 2016 No.
Administration	216	216	216	216
Development	58	56	58	54
Housing management	435	432	435	429
Care and support	515	500	515	500
Community development and fund raising	12	16	12	16
	1,236	1,220	1,236	1,215

The full time equivalent number of staff whose remuneration, including performance related pay and benefits in kind including pension contributions, fell within each band of £10,000 from £60,000 upwards was:

£	£	Group 2017 No.	Group 2016 No.
60,000	- 69,999	20	22
70,000	- 79,999	12	17
80,000	- 89,999	2	7
90,000	- 99,999	4	4
100,000	- 109,999	4	4
110,000	- 119,999	3	–
140,000	- 149,999	–	2
150,000	- 159,999	–	1
160,000	- 169,999	1	–
220,000	- 229,999	–	–
230,000	- 239,999	–	1
240,000	- 249,999	1	–
		47	58

The range of salaries does not include night care or relief cover or benefits in kind. The Chief Executive is the highest paid employee.

Notes (forming part of the financial statements)

Year ended 31 March 2017

8. Employee information (continued)

Salary range	£
Lowest paid employee	13,286
Highest paid employee	220,000
Average salary per employee	27,886

9. Directors and senior executive remuneration

The key management personnel are defined as the members of the Board of Management, the Chief Executive and the Executive Management Team disclosed in the Strategic Report.	Group 2017 £'000	Group 2016 £'000
Executive directors' emoluments	594	666
Amounts paid to non-executive directors	94	92
Compensation for loss of office	181	–
Contributions to defined contribution pension schemes	22	32
Amounts paid to third parties in respect of directors' services	19	13
	910	803

	Group 2017 No.	Group 2016 No.
Number of directors in defined benefit pension schemes	–	–
Number of directors in defined contribution pension schemes	3	3
Number of directors in third party schemes	2	1

The emoluments in respect of the highest paid director (Chief Executive) were as follows:	Group 2017 £'000	Group 2016 £'000
Emoluments	232	223
Contributions to money purchase pension scheme	16	13
	248	236

The Chief Executive's membership of the money purchase pension scheme contains no enhancements or special terms.

Notes (forming part of the financial statements)

Year ended 31 March 2017

10. Surplus on disposal of fixed assets

Group	Shared ownership 2017 £m	Previously rented properties 2017 £m	Sales to other registered providers 2017 £m	Right to buy/ acquire 2017 £m	Commercial properties 2017 £m	Total 2017 £m	Total 2016 £m
Housing properties:							
Disposal proceeds	32.3	19.8	16.3	0.3	1.1	69.8	72.8
Cost of disposals	(20.6)	(8.1)	(8.0)	(0.1)	(1.3)	(38.1)	(40.8)
Selling costs	(1.1)	(0.8)	–	–	–	(1.9)	(3.6)
Grant recycled	(1.6)	(0.9)	–	(0.2)	–	(2.7)	(3.9)
	9.0	10.0	8.3	–	(0.2)	27.1	24.5

Association	Shared ownership 2017 £m	Previously rented properties 2017 £m	Sales to other registered providers 2017 £m	Right to buy/ acquire 2017 £m	Commercial properties 2017 £m	Total 2017 £m	Total 2016 £m
Housing properties:							
Disposal proceeds	32.3	19.8	12.4	0.3	1.1	65.9	72.8
Cost of disposals	(20.3)	(8.1)	(5.2)	(0.1)	(1.3)	(35.0)	(40.8)
Selling costs	(1.4)	(0.8)	–	–	–	(2.2)	(3.6)
Grant recycled	(1.6)	(0.9)	–	(0.2)	–	(2.7)	(3.9)
	9.0	10.0	7.2	–	(0.2)	26.0	24.5

Notes (forming part of the financial statements)

Year ended 31 March 2017

11. Interest receivable and similar income

	Group 2017 £m	Group 2016 £m	Association 2017 £m	Association 2016 £m
Bank interest	0.2	0.4	0.2	0.4
Interest from group undertakings	–	–	1.8	1.5
	0.2	0.4	2.0	1.9

12. Interest payable and similar charges

	Group 2017 £m	Group 2016 £m	Association 2017 £m	Association 2016 £m
Bank loans	67.7	69.7	48.0	49.5
Payable on loans from group undertakings	–	–	19.7	20.2
Amortisation of loan premium	(0.9)	(1.1)	(0.7)	(0.9)
Amortisation of loan arrangement costs	1.7	2.1	1.5	2.0
	68.5	70.7	68.5	70.8
Interest capitalised on construction of housing properties	(6.3)	(5.5)	(4.7)	(4.1)
	62.2	65.2	63.8	66.7

Finance costs have been capitalised into work in progress at a rate of 4.37% (2016: 4.52%)

13. Other finance costs

	Group 2017 £m	Group 2016 £m	Association 2017 £m	Association 2016 £m
Interest on pension scheme liabilities	(1.0)	(1.3)	(1.0)	(1.3)
	(1.0)	(1.3)	(1.0)	(1.3)

Notes (forming part of the financial statements)

Year ended 31 March 2017

14. Taxation on surplus on ordinary activities

	Group 2017 £m	Group 2016 £m	Association 2017 £m	Association 2016 £m
Analysis of the charge in the period:				
<i>UK corporation tax:</i>				
Current tax on surplus for the year	–	0.8	–	0.8
Total current tax	–	0.8	–	0.8
<i>Deferred tax:</i>				
Origination and reversal of timing differences	0.2	0.6	0.2	0.2
Total deferred tax	0.2	0.4	0.2	–
Taxation on surplus on ordinary activities	0.2	1.4	0.2	1.0

	Group 2017 £m	Group 2016 £m	Association 2017 £m	Association 2016 £m
Factors affecting the current tax charge for the year:				
Surplus on ordinary activities before taxation	25.0	28.7	24.5	26.7
Current tax at 20.0% (2016: 20%)	6.5	5.7	6.5	5.6
Expenses not deductible for tax purposes	–	–	–	–
Surplus recovered by charitable exemption	(6.5)	(4.9)	(6.3)	(4.8)
Utilisation of tax losses	–	–	–	–
Over provided in prior years	–	–	–	–
Other timing differences	–	–	–	–
Chargeable gain on disposal of property	–	–	–	–
Total tax charge for the year	–	0.8	0.2	0.8

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 (forming part of the financial statements)

Year ended 31 March 2017

15. Tangible fixed assets - housing properties

GROUP	Housing properties held for letting £m	Housing properties under construction £m	LCHO properties £m	LCHO properties under construction £m	Total £m
<i>Cost:</i>					
At 1 April 2016	2,521.7	85.7	616.5	11.3	3,235.2
Prior year adjustments	13.8	(1.7)	(4.8)	7.4	14.7
Restated cost at 1 April 2016	2,535.5	84.0	611.7	18.7	3,249.9
Additions	–	25.3	–	28.3	53.6
Works to existing properties	25.0	–	–	–	25.0
Disposals	(13.5)	(3.6)	(20.6)	–	(37.7)
Properties completed	4.0	(4.0)	2.6	(2.6)	–
Transfer between asset classes	15.8	0.8	(4.2)	0.8	13.2
At 31 March 2017	2,566.8	102.5	589.5	45.2	3,304.0
<i>Depreciation:</i>					
At 1 April 2016	214.3	0.2	–	0.3	214.8
Prior year adjustments	0.5	(0.2)	–	(0.3)	–
Restated depreciation at 1 April 2016	214.8	–	–	–	214.8
Charge for the year	19.1	–	–	–	19.1
Eliminated on disposals	(2.8)	–	–	–	(2.8)
At 31 March 2017	231.1	–	–	–	231.1
<i>Impairment:</i>					
At 1 April 2016	–	0.4	–	–	0.4
Charge for the year	–	–	–	–	–
Released during the year	–	(0.4)	–	–	(0.4)
At 31 March 2017	–	–	–	–	–
<i>Net book value:</i>					
At 31 March 2017	2,335.7	102.5	589.5	45.2	3,072.9
At 31 March 2016	2,320.7	84.0	611.7	18.7	3,035.1
Historic cost at 31 March 2017	2,183.1	–	568.4	–	2,751.4

Notes (forming part of the financial statements)

Year ended 31 March 2017

ASSOCIATION	Housing properties held for letting £m	Housing properties under construction £m	LCHO properties £m	LCHO properties under construction £m	Total £m
<i>Cost:</i>					
At 1 April 2016	2,521.8	85.6	616.5	11.3	3,235.2
Prior year adjustments	13.7	(1.7)	(4.8)	7.4	14.6
Restated cost at 1 April 2016	2,535.5	83.9	611.7	18.7	3,249.8
Additions	–	25.5	–	28.3	53.8
Works to existing properties	25.0	–	–	–	25.0
Disposals	(13.5)	(3.6)	(20.6)	–	(37.7)
Properties completed	4.0	(4.0)	2.6	(2.6)	–
Transfer between asset classes	15.8	0.8	(4.2)	0.8	13.2
At 31 March 2017	2,566.8	102.6	589.5	45.2	3,304.1
<i>Depreciation:</i>					
At 1 April 2016	214.3	0.2	–	0.3	214.8
Prior year adjustment	0.5	(0.2)	–	(0.3)	–
Restated depreciation at 1 April 2016	214.8	–	–	–	214.8
Charge for the year	19.1	–	–	–	19.1
Eliminated on disposals	(2.8)	–	–	–	(2.8)
At 31 March 2017	231.1	–	–	–	231.1
<i>Impairment:</i>					
At 1 April 2016	–	0.4	–	–	0.4
Charge for the year	–	–	–	–	–
Released during the year	–	(0.4)	–	–	(0.4)
At 31 March 2017	–	–	–	–	–
<i>Net book value:</i>					
At 31 March 2017	2,335.7	102.6	589.5	45.2	3,073.0
At 31 March 2016	2,320.7	83.9	611.7	18.7	3,035.0
Historic cost at 31 March 2017	2,183.1	–	568.4	–	2,751.4

Notes (forming part of the financial statements)

Year ended 31 March 2017

The net book value of housing properties may be further analysed as:	Group 2017 £m	Group 2016 £m	Association 2017 £m	Association 2016 £m
Freehold	2,428.7	2,358.9	2,428.7	2,358.9
Long leasehold	624.7	638.6	624.7	638.6
Short leasehold	20.3	22.9	20.3	22.9
	3,073.7	3,020.4	3,073.7	3,020.4
Interest capitalisation:				
Capitalised during the year	6.3	5.5	4.3	4.1
Cumulative interest capitalised	71.2	70.9	54.2	43.9
Rate used for capitalisation	4.37%	4.52%	4.37%	4.52%
Works to properties:				
Improvements to existing properties capitalised	25.0	24.3	25.0	24.3
Major repairs expenditure to income and expenditure account	–	–	–	–
	25.0	24.3	25.0	24.3

The £14.7m positive movement in opening balance on the Tangible Fixed Assets-Housing Properties is made up of a reclassification from Stock to Housing Properties held for lettings of £7.6m; £6.5m worth of Communal assets written back to Lettings, offset by a net provision of £1.1m for accelerated depreciation and a reduction of £2m of the Under Construction balance. The Low Cost Home Ownership (LCHO) balance was overstated by £4.8m (LCHO - FTS stock amount of £4m and £0.8m write-off), offset by £7.2m reclassification from Under Construction Stock to Under Construction LCHO. The net charge to the income and expenditure reserve was £8.0m.

Impairment

The group considers individual schemes to represent separate cash generating units (CGU) when assessing for impairment in accordance with the requirements of FRS102 and SORP 2014.

During the current year, the group and association have recognised an unadjusted impairment loss of £nil (2016 – £0.2m) in respect of its housing stock.

The impairment review was considered under the requirements under FRS 102 s.27 Impairment of Assets and SORP 2014. A review was undertaken across the Group's portfolio. In assessing any impairment, the depreciated replacement cost method

was applied in which the depreciated replacement cost was compared to the net book value and if lower an impairment charge recognised. In calculating the depreciated replacement cost we have assumed a land purchase and build construction cost of a like-for-like property. For build construction cost we have used the Builders Cost Information Service matrix endorsed by Royal Institution of Chartered Surveyors (RICS).

Genesis have provided property of £3.16bn in value as security on an EUV-SH and market value basis. All loan facilities are secured loans and Genesis does not have any unsecured borrowings.

Notes (forming part of the financial statements)

Year ended 31 March 2017

16. Other tangible fixed assets

GROUP	Freehold office premises £m	Office improvements £m	Office furniture and equipment £m	Computer equipment and software £m	Motor vehicles £m	Total £m
<i>Cost:</i>						
At 1 April 2016	13.5	7.1	10.6	12.5	0.2	43.9
Prior year adjustment	2.2	0.1	(8.6)	7.0	–	0.7
Restated 2016	15.7	7.2	2.0	19.5	0.2	44.6
Additions	2.0	0.5	0.1	3.7	–	6.3
Disposals	–	–	–	–	–	–
Revaluations	–	–	–	–	–	–
At 31 March 2017	17.7	7.7	2.1	23.2	0.2	50.9
<i>Depreciation:</i>						
At 1 April 2016	2.5	2.3	3.9	6.2	0.2	15.1
Prior year adjustment	–	1.0	(2.1)	2.4	–	1.3
Restated 2016	2.5	3.3	1.8	8.6	0.2	16.4
Charge for the year	0.1	0.2	0.1	4.1	–	4.5
Disposals	–	–	–	–	–	–
At 31 March 2017	2.6	3.5	1.9	12.7	0.2	20.9
Net book value						
At 31 March 2017	15.1	4.2	0.2	10.5	–	30.0
At 31 March 2016	13.2	3.9	0.2	10.9	–	28.2

The prior year adjustments arose due to the reclassification between tangible fixed asset classes and incorrectly capitalised accruals resulting in a £0.7m charge to the prior year income and expenditure reserve.

Notes (forming part of the financial statements)

Year ended 31 March 2017

Association	Freehold office premises £m	Office improvements £m	Office furniture and equipment £m	Computer equipment and software £m	Motor vehicles £m	Total £m
<i>Cost:</i>						
At 1 April 2016	13.5	7.1	10.6	12.5	0.2	43.9
Prior year adjustment	2.2	0.1	(8.6)	7.0	–	0.7
Restated 2016	15.7	7.2	2.0	19.5	0.2	44.6
Additions	2.0	0.5	0.1	3.7	–	6.3
Disposals	–	–	–	–	–	–
Revaluations	–	–	–	–	–	–
At 31 March 2017	17.7	7.7	2.1	23.2	0.2	50.9
<i>Depreciation:</i>						
At 1 April 2016	2.5	2.3	3.9	6.2	0.2	15.1
Prior year adjustment	–	1.0	(2.1)	2.4	–	1.3
Restated 2016	2.5	3.3	1.8	8.6	0.2	16.4
Charge for the year	0.1	0.2	0.1	4.1	–	4.5
Disposals	–	–	–	–	–	–
At 31 March 2017	2.6	3.5	1.9	12.7	0.2	20.9
Net book value						
At 31 March 2017	15.1	4.2	0.2	10.5	–	30.0
At 31 March 2016	13.2	3.9	0.2	10.9	–	28.2

Notes (forming part of the financial statements)

Year ended 31 March 2017

17. Investment properties

GROUP	Market rent £m	Commercial £m	Total £m
At 1 April 2016	94.2	30.5	124.7
Prior year adjustment	0.1	(0.6)	(0.5)
Restated April 2016	94.3	29.9	124.2
Additions	44.3	1.0	45.3
Disposals	–	(1.3)	(1.3)
Transfers between asset classes	(39.2)	(2.0)	(41.2)
Revaluations	12.3	–	12.3
At 31 March 2017	111.7	27.6	139.3
Historic cost	51.3	26.3	77.6
Association	Market rent £m	Commercial £m	Total £m
At 1 April 2016	94.2	19.5	113.7
Prior year adjustment	0.2	1.5	1.7
Restated 2016	94.4	21.0	115.4
Additions	44.3	1.0	45.3
Disposals	–	(1.3)	(1.3)
Transfers between asset classes	(39.2)	(2.0)	(41.2)
Revaluations	12.3	–	12.3
At 31 March 2017	111.8	18.7	130.5
Historic cost	51.3	17.1	68.4

The prior year adjustment in market rent properties is mainly due to a £1.5m transfer from market rent to commercial units and a revised property revaluation resulting in a net credit to the income and expenditure reserve of £2.7m.

The properties were valued as at 31 March 2017 on the basis of market value

in accordance with RICS guidelines. The valuation was carried out by a qualified Member of the Royal Institute of Chartered Surveyors acting for Jones Lang LaSalle Limited.

The property valuations were undertaken in accordance with the Appraisal and Valuation Manual of the Royal Institution of Chartered

Surveyors. Properties are valued either at Existing Use Value for Social Housing (EUV-SH), for all Social Housing and Shared Ownership properties, or Market Value Tenanted (MV-T) for all non-social housing.

Notes (forming part of the financial statements)

Year ended 31 March 2017

18. Investments - listed at market value

	2017 Cost £m	2017 Fair value £m	2016 Cost £m	2016 Fair value £m
Investments listed on a recognised stock exchange (Note 31)	2.4	2.6	2.6	2.6

All investments listed on a recognised stock exchange are held by subsidiaries.

19. Investments - in subsidiaries

The undertakings in which the Association's interest at the year end is more than 50% are as follows:

Subsidiary	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%
European Urban St Pancras 2 Limited	United Kingdom	Property development	Ordinary-100%
Stoke Quay New Homes Limited	United Kingdom	Property development and investment	Ordinary-100%
Central Chelmsford Development Agency 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 Residential Limited	United Kingdom	Property management	Ordinary-100%
Genesis Oaklands Limited	United Kingdom	Property development	Ordinary - 50%
Genesis Homes Limited	United Kingdom	Dormant	Ordinary-100%
Genesis Housing Management Limited	United Kingdom	Dormant	Ordinary-100%
Pathmeads Property Services Limited	United Kingdom	Dormant	Ordinary-100%

* held indirectly

**Geninvest holds a 5.4% shareholding in Takeparts Limited a procurement company registered in the United Kingdom

Notes (forming part of the financial statements)

Year ended 31 March 2017

20. Investment in associated entities

Genesis set up LINQ (a plc company) in conjunction with the Directors of Centrus (Treasury Advisors), whose shareholding is held by a company called LINQ Partners Ltd.

The shareholding in LINQ Housing is in two categories, one which gives voting rights and one which gives economic return. In order

for this entity to be off balance sheet, Genesis cannot hold more than 25% of the voting rights and so the shares are distributed 25% each and the balance are held by a Trust. The purpose of the trust is to hold any future value for a social purpose should the structure collapse.

The economic return of the organisation is distributed with respect to a share class 75% in favour of Genesis and 25% in favour of LINQ partners.

Based on materiality we have chosen not to include the Group's share of LINQ Partners Ltd in the Statement of Financial Position.

21. Stock

At 31 March, the group and association had the following housing property stock for sale and work-in-progress:

	Group 2017 £m	Group 2016 £m	Association 2017 £m	Association 2016 £m
Cost				
Properties under construction				
– First tranche shared ownership	16.7	7.9	16.7	7.9
– Outright sale	38.2	32.6	21.5	12.4
– Commercial	–	–	–	–
Properties for sale				
– First tranche shared ownership	2.1	4.0	2.1	4.0
– Market rent	19.4	–	19.4	–
– Outright sale	12.3	1.3	12.3	1.3
– Commercial	–	–	–	–
Land for sale	6.6	10.8	6.6	10.8
	95.3	56.6	78.6	36.4
Stock write down				
At 1 April	(8.5)	(8.9)	(8.5)	(8.9)
Prior year adjustment		0.3	–	0.3
Restated 2016	(8.5)	(8.6)	(8.5)	(8.6)
Transfers during the year	–	–	–	–
Released during the year	4.0	–	4.0	–
At 31 March 2017	(4.5)	(8.6)	(4.5)	(8.6)
Net book value	91.1	48.0	74.1	27.8

Notes (forming part of the financial statements)

Year ended 31 March 2017

22. Debtors

	Group 2017 £m	Group 2016 £m	Association 2017 £m	Association 2016 £m
Amounts receivable within one year:				
Rent and service charge arrears	27.3	31.9	27.3	31.9
Provision for bad and doubtful debts	(10.4)	(10.2)	(10.4)	(10.2)
	16.9	21.7	16.9	21.7
Amounts owed by group undertakings	–	–	2.4	130.1
Trade debtors (Note 31)	2.9	2.1	2.9	2.1
Other debtors (Note 31)	18.6	12.0	11.6	5.1
Prepayments and accrued income	9.7	6.1	9.7	6.1
	48.1	41.9	43.5	165.1

Credit balances for gross rental arrears totalling £10.9m (2016: £10.6m) have been included within the Rent and service charge arrears balance above with a corresponding balance included within other creditors in Note 24.

	Group 2017 £m	Group 2016 £m	Association 2017 £m	Association 2016 £m
Amounts receivable after more than one year:				
Amounts owed by group undertakings	–	–	–	2.3
Other debtors (Note 31)	4.0	1.8	4.0	1.8
	4.0	1.8	4.0	4.1

23. Current Asset Investments

	Group 2017 £m	Group 2016 £m	Association 2017 £m	Association 2016 £m
Cash at bank and investments charged to lenders	32.0	31.8	32.0	31.8
Cash at bank held for leaseholders	1.5	1.5	1.5	1.5
	33.5	33.3	33.5	33.3

It is anticipated that the cash at bank and investments charged to lenders will be released from charge within one year.

Genesis has provided cash of £20m as collateral in accordance with contractual agreements. This is redeemable on expiry.

Notes (forming part of the financial statements)

Year ended 31 March 2017

24. Creditors: amounts falling due within one year

	Group 2017 £m	Group 2016 £m	Association 2017 £m	Association 2016 £m
Housing loans	57.6	31.0	51.6	22.8
Trade creditors (Note 31)	6.6	3.6	5.8	3.0
Amounts owed to group undertakings	–	–	1.7	110.2
Taxation and social security	1.4	(0.7)	1.1	0.4
Other creditors (Note 31)	24.6	44.2	23.0	43.7
Deferred capital grant (Note 27)	5.7	5.7	5.7	5.7
Recycled capital grant fund (Note 28)	5.9	17.6	5.9	17.6
Disposal proceeds fund (Note 29)	0.3	1.1	0.3	1.1
Accruals and deferred income	41.1	39.8	29.8	28.1
	143.2	142.3	124.9	232.6

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

	Group 2017 £m	Group 2016 £m	Association 2017 £m	Association 2016 £m
Housing loans	1,222.7	1,212.4	931.8	915.6
Bonds	252.6	252.8	–	–
Total housing loans (Note 30)	1,475.3	1,465.2	931.8	915.6
Amounts owed to group companies	–	–	529.1	558.3
Interest rate swap – cash flow hedge (Note 31)	119.0	120.0	119.0	120.0
Deferred capital grants (Note 27)	868.7	862.5	868.7	862.5
Recycled capital grants (Note 28)	26.9	25.8	26.9	25.8
Disposal proceeds fund (Note 29)	3.4	5.8	3.4	5.8
Cyclical and major repairs fund	9.1	0.3	9.1	0.6
Other creditors (Note 31)	4.3	1.6	4.9	2.0
Deferred tax	0.4	0.4	–	–
	2,507.1	2,481.6	2,492.9	2,490.6

Genesis have provided properties (Note 15) and cash (Note 23) as security where it is required to cover Mark-to-Market (MTM) positions on its standalone interest rate swaps and embedded swaps.

Notes (forming part of the financial statements)

Year ended 31 March 2017

26. Contingent Liabilities

	Group 2017 £m	Group 2016 £m
At end of the year	1,206.3	1,195.3

The Group has disclosed contingent liabilities where there is a possible but uncertain obligation to repay social housing grant in the future. Actual payment is contingent upon future disposal of housing properties for which the grant was received.

27. Deferred Capital Grants

	Group 2017 £m	Group 2016 £m	Association 2017 £m	Association 2016 £m
At 1 April	868.1	878.0	868.1	878.0
Grants received during the year	5.9	3.8	5.9	3.8
Grants recycled	11.9	(7.1)	11.9	(7.1)
Grants disposed	(5.8)	(2.0)	(5.8)	(2.0)
Released to income during the year	(5.7)	(5.7)	(5.7)	(5.7)
Grants reclassified between assets	–	1.2	–	1.2
At 31 March	874.4	868.2	874.4	868.2

Notes (forming part of the financial statements)

Year ended 31 March 2017

28. Recycled Capital Grant Fund

GROUP	HCA 2017 £m	GLA 2017 £m	Total 2017 £m	Restated HCA 2016 £m	Restated GLA 2016 £m	Restated Total 2016 £m
At 1 April	3.5	39.9	43.4	2.9	29.5	32.4
Inputs to fund:						
– grants recycled from deferred capital grants	0.4	5.4	5.8	0.4	3.8	4.2
– grants recycled from statement of comprehensive income	0.2	2.3	2.5	0.2	6.5	6.7
– interest accrued	–	0.2	0.2	–	0.1	0.1
Recycling of grant:						
– other	(0.1)	(9.4)	(9.5)	–	–	–
Repayment of grant to the HCA/GLA	–	(9.6)	(9.6)	–	–	–
At 31 March	4.0	28.8	32.8	3.5	39.9	43.4
Amounts 3 years or older where repayment may be required	–	–	–	–	–	–
<i>Disclosed as:</i>						
Creditors: amounts falling due within one year			5.9			17.6
Creditors: amounts falling due after more than one year			26.9			25.8
At 31 March			32.8			43.4

Notes (forming part of the financial statements)

Year ended 31 March 2017

ASSOCIATION	HCA	GLA	Total	Restated	Restated	Restated
	2017	2017	2017	HCA	GLA	Total
	£m	£m	£m	2016	2016	2016
				£m	£m	£m
At 1 April	3.5	39.9	43.4	2.9	29.5	32.4
Inputs to fund:						
– grants recycled from deferred capital grants	0.4	5.2	5.6	0.4	3.8	– 4.2
– grants recycled from statement of comprehensive income	0.2	2.5	2.7	0.2	6.4	6.6
– interest accrued	–	0.2	0.2	–	0.2	0.2
Recycling of grant:						
– other	(0.1)	(9.4)	(9.5)	–	–	–
Repayment of grant to the HCA/GLA	–	(9.6)	(9.6)	–	–	–
At 31 March	4.0	28.8	32.8	3.5	39.9	43.4
Amounts 3 years or older where repayment may be required	–	–	–	–	–	–
<i>Disclosed as:</i>						
Creditors: amounts falling due within one year	–	–	5.9	–	–	17.6
Creditors: amounts falling due after more than one year	–	–	26.9	–	–	25.8
At 31 March	–	–	32.8	–	–	43.4

Withdrawals from the recycled capital grant fund were used for the purchase and development of new housing schemes for letting and for approved works to existing properties.

Notes (forming part of the financial statements)

Year ended 31 March 2017

29. Disposal Proceeds Fund

GROUP	HCA	GLA	Total	Restated	Restated	Restated
	2017	2017	2017	HCA	GLA	Total
	£m	£m	£m	2016	2016	2016
				£m	£m	£m
At 1 April	0.3	6.5	6.8	0.4	4.7	5.1
Inputs to fund:						
– funds recycled from deferred capital grants	–	–	–	–	1.8	1.8
Use /allocation of funds:						
– new build	–	0.2	0.2	–	–	–
– major repairs and works to existing stock	–	–	–	–	–	–
– transfers to other group members	–	–	–	–	–	–
– other	–	(2.4)	(2.4)	–	–	–
Repayment of grant to the HCA/GLA	–	(0.9)	(0.9)	–	–	–
At 31 March	0.3	3.4	3.7	0.4	6.5	6.9
Amounts 3 years or older where repayment may be required	–	–	–	–	–	–
<i>Disclosed as:</i>						
Creditors: amounts falling due within one year	0.3	–	0.3	1.1	–	1.1
Creditors: amounts falling due after more than one year	–	3.4	3.4	–	5.8	5.8
At 31 March	0.3	3.4	3.7	1.1	5.8	6.9

Notes (forming part of the financial statements) Year ended 31 March 2017

ASSOCIATION	HCA	GLA	Total	Restated	Restated	Restated
	2017	2017	2017	HCA	GLA	Total
	£m	£m	£m	2016	2016	2016
				£m	£m	£m
At 1 April	0.3	6.5	6.8	0.4	4.7	5.1
Inputs to fund:						
– funds recycled from deferred capital grants	–	0.2	0.2	–	1.8	1.8
Use / allocation of funds:						
– new build	–	–	–	–	–	–
– major repairs and works to existing stock	–	–	–	–	–	–
– transfers to other group members	–	–	–	–	–	–
– other	–	(2.4)	(2.4)	–	–	–
Repayment of grant to the HCA/GLA	–	(0.9)	(0.9)	–	–	–
At 31 March	0.3	3.4	3.7	0.4	6.5	6.9
Amounts 3 years or older where repayment may be required	–	–	–	–	–	–
<i>Disclosed as:</i>						
Creditors: amounts falling due within one year	0.3	–	0.3	–	–	1.1
Creditors: amounts falling due after more than one year	–	3.4	3.4	–	–	5.8
At 31 March	0.3	3.4	3.7	–	–	6.9

Withdrawals from the Disposal Proceeds Fund were used for approved works to existing housing properties.

Notes (forming part of the financial statements) Year ended 31 March 2017

30. Loans and borrowings

Maturity of debt:

GROUP	Bank loans	Bonds	Other loans	Total
	2017	2017	2017	2017
	£m	£m	£m	£m
In 1 year or less, or on demand	57.4	0.2	–	57.6
In more than 1 year but not more than 2 years	30.1	0.1	–	30.2
In more than 2 years but not more than 5 years	146.0	0.5	5.0	151.5
More than 5 years	1,041.6	252.0	–	1,293.6
At 31 March	1,275.1	252.8	5.0	1,532.9

GROUP	Bank loans	Bonds	Other loans	Total
	2016	2016	2016	2016
	£m	£m	£m	£m
In 1 year or less, or on demand	28.7	0.2	2.2	31.1
In more than 1 year but not more than 2 years	56.8	0.2	–	57.0
In more than 2 years but not more than 5 years	90.8	0.5	5.0	96.3
More than 5 years	1,059.7	252.1	–	1,311.8
At 31 March	1,236.0	253.0	7.2	1,496.2

ASSOCIATION	Bank loans	Inter-company loans to Treasury companies	Other loans	Total
	2017	2017	2017	2017
	£m	£m	£m	£m
In 1 year or less, or on demand	51.6	6.1	–	57.7
In more than 1 year but not more than 2 years	24.2	6.0	–	30.2
In more than 2 years but not more than 5 years	128.4	18.1	–	146.5
More than 5 years	779.2	514.3	–	1,293.5
At 31 March	983.4	544.5	–	1,527.9

Notes (forming part of the financial statements)

Year ended 31 March 2017

	Bank loans 2016 £m	Inter-company loans to Treasury companies 2016 £m	Other loans 2016 £m	Total 2016 £m
ASSOCIATION				
In 1 year or less, or on demand	22.8	6.1	–	28.9
In more than 1 year but not more than 2 years	50.9	6.1	–	57.0
In more than 2 years but not more than 5 years	73.1	18.1	–	91.2
More than 5 years	791.6	520.3	–	1311.9
At 31 March	938.4	550.6	–	1,489.0

During the year, Genesis agreed new facilities of £28.3m and in the process incurred issue costs of £0.3m, representing 1% of new loans borrowed.

Loans of £68.2m were drawn from agreed facilities and £29.7m of loans were repaid in the year.

Issue costs have been deducted from the initial carrying value and will be charged to the Statement of Comprehensive Income as part of the interest charge calculated using the effective interest rate method.

All new loans agreed in the year were recognised as basic in accordance with Section 11 of FRS 102. At 31 March 2017 the group had undrawn loan facilities of £238.6m (2016: £278.6m) with an average interest rate of 4.37%. Properties held as security are disclosed in Note 15.

31. Financial instruments

	Group 2017 £m	Group 2016 £m	Association 2017 £m	Association 2016 £m
Financial assets				
Financial assets measured at historical cost:				
- Trade receivables (Note 22)	2.9	2.1	2.9	2.1
- Other receivables (Note 22)	18.6	12.0	11.6	5.1
- Investments (Note 18)	2.4	2.6	–	–
- Investments in short term deposits (Note 23)	33.5	33.3	33.5	33.3
- Cash and cash equivalents	67.6	116.2	55.6	110.0
Financial assets measured at fair value through profit or loss:				
- Fixed Asset investments	33.5	33.3	33.5	33.3
Financial assets that are debt instruments measured at amortised cost:				
- loans receivable	–	–	–	–
Total financial assets	158.5	199.5	137.1	183.8

Notes (forming part of the financial statements)

Year ended 31 March 2017

	Group 2017 £m	Group 2016 £m	Association 2017 £m	Association 2016 £m
Financial liabilities				
Financial liabilities measured at amortised cost:				
- Loans and bonds payable	(1,532.9)	(1,496.2)	(983.3)	(938.5)
Financial liabilities measured at historical cost:				
- Trade creditors (Note 24)	(6.6)	(3.6)	(5.8)	(3.0)
- Other creditors (Note 24 & 25)	(28.9)	(47.4)	(27.9)	(47.5)
Derivative financial instruments designated as hedges of variable interest rate risk (Note 25)	(119.0)	(120.0)	(119.0)	(120.0)
Total financial liabilities	(1,687.4)	(1,667.2)	(1,136.0)	(1,109.0)

Financial assets measured at fair value through the Statement of Comprehensive Income comprising fixed asset investments in listed and unlisted company shares and current asset investments in a trading portfolio of listed company shares.

Financial assets are measured at amortised cost comprising of trade debtors, other debtors, amounts owed by joint ventures and associated undertakings.

Financial liabilities measured at amortised cost comprise bank loans and overdrafts, bonds, trade creditors and other creditors. Derivative financial instruments designated as hedges of variable interest rate risk comprise interest rate swaps.

Hedge of variable interest rate risk arising from bank loan liabilities

To hedge the potential volatility in future interest cash flows arising from movements in LIBOR, the group has entered into floating to fixed interest rate swaps with a nominal

value equal to the initial borrowings, the same term as the loans and interest re-pricing dates identical to those of the variable rate loans.

The derivatives are accounted for as a hedge of variable interest rate risks, in accordance with FRS 102 and had a fair value of £119m (2016: £120m) at the Statement of Financial Position date. The cash flows arising from the interest rate swaps will continue until their maturity, coincidental with the repayment of the term loans. The change in fair value in the period was a favourable £1.0m (2016: adverse change in value of £1.6m) with £5.2m (2016: £1.4m) of the charge being recognised in other comprehensive income as the swaps were 100% effective hedges and £4.2m (2016: £0.2m) in the Statement of Comprehensive Income as the ineffective portion of the hedging instrument.

Hedge accounting is applied to financial assets and financial liabilities of the Group where a hedging relationship qualifies for

hedge accounting and if, and only if, all of the following conditions are met:

At the inception of the hedge, or at the point of transition an economic relationship between the hedged item and the hedging instrument has to exist. Documentation shall include identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness or otherwise in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk.

The hedge effectiveness or otherwise should be reliably measured. The Group has chosen to test the effectiveness of its hedges on a quarterly basis.

Hedging instruments

A hedging instrument is classified as an instrument whose fair value or cash flows are expected to offset changes in the fair

Notes (forming part of the financial statements) Year ended 31 March 2017

value or cash flows of a designated hedged item.

Hedged items

A hedged item is an item that exposes the Group to risk of changes in fair value or future cash flows and is designated as being hedged. A hedged item may include a single or group of recognised assets or liabilities, a firm commitment or a highly probable transaction.

Risk

The main risk arising from the Group's financial instruments are interest rate risk, liquidity risk and credit risk.

Interest rate risk

Genesis finances its operations through a mixture of retained reserves, government grant, other public subsidies to support development activities and loan borrowings. Interest rate risk is managed by the Treasury team in accordance with the Board approved Treasury Management Policy. Genesis' interest rate strategy is reviewed annually and is focused on achieving the prescribed balance between fixed and variable debt at an acceptable level of risk and cost. Covenant compliance and sensitivity analysis of interest rates are monitored on a regular basis.

Cash flow hedges are entered into to hedge exposure to the variability in cash flows attributable to movements in GBP interest rates using GBP interest rate swap contracts whereby the Group agrees to pay interest at a fixed rate and receive interest

at a floating rate. The interest rate swaps are designated as a hedge of the variability in the debt interest payments due to changes in the benchmark interest rate (LIBOR). This method reflects the risk management objective of the hedging relationship that is to swap a series of future variable cash flows to a fixed rate. The movement through the cash flow reserve for the year ended 31 March 2017 was 4.2m.

Liquidity risk

Liquidity risk is managed by the Treasury team in accordance with the Board approved Treasury Management Policy. Genesis has a policy to maintain sufficient cash to cover the 3 months net cash requirement and sufficient liquidity to cover the next 12 months net liquidity requirement. The maturity profile of the debt has been established to reflect the long-term nature of the Group's assets and to reduce risk by staggering the repayment of the principle of the loan. At the year-end 85% of the Group's borrowings were due to mature in more than five years. To date all payments have been made on time.

Credit risk

Credit risk is managed by the Treasury team in accordance with the Board approved Treasury Management Policy. Genesis considers the security of principal sums invested to rank above seeking the highest possible return on the investment. Repayment of interest and capital to Lenders is made on a punctual basis. Genesis monitors available resources on a regular basis, through a review of its business plan. It is considered that Genesis

has sufficient resources to cover these repayments and therefore the risk of being unable to meet its obligations to the lenders is considered to be low. The housing loans are secured by specific charges on housing properties and repayable at varying rates of interest.

Within the Group, GenFinance and GenFinance II Plc is dependent on receipt of funds from Genesis in order to meet its contractual obligations under the Nationwide and Bond Loan Agreements. The credit risk is that Genesis, as the sole counterparty, fails to reimburse the companies. The Directors consider the credit risk to be very low owing to the fact that Genesis is a financially strong business, with strong asset base, that consistently generates a surplus, supported by a regulator with strong oversight and which has an investor grade credit rating of BAA1 from Moody's and A- from Standard and Poor's. The maximum credit risk currently faced by GenFinance is £294m (2016: £300m) and for GenFinance II is £250m (2016: £250m), being the issued amount of funds raised from external bank and investors, and on-lent to Genesis.

This credit risk is further mitigated through a secured loan agreement, backed by social housing assets owned by Genesis. These assets are subject to regulation by the HCA and therefore offer a level of protection in terms of regulatory scrutiny. If there are any payments not made to GenFinance and GenFinance II, they have the right to enforce the security under the loan agreement

Notes (forming part of the financial statements) Year ended 31 March 2017

Market risk

Genesis' treasury management function is responsible for developing and implementing an appropriate financial strategy to ensure it has the required level of liquidity to fund the capital investment programme and day to day activities of the business. Close monitoring of financial covenants against the business plan to assess risk scenarios is completed on a regular basis.

GenFinance II borrows on a fixed rate basis from the capital market and then on-lends these funds to Genesis Housing Association Limited on a similar fixed rate basis. GenFinance borrows on both a fixed rate and variable rate basis from Nationwide and then on-lends these funds to Genesis on a similar fixed and variable rate basis. Genfinance and Genfinance II do not bear any risk apart from the underlying credit risk to Genesis, which is discussed above.

32. Provision for liabilities

GROUP	Dilapidations £m	Total £m
At 1 April 2016	1.4	1.4
Additions	0.3	0.3
Utilised in year	(0.3)	(0.3)
At 31 March 2017	1.4	1.4

ASSOCIATION	Dilapidations £m	Total £m
At 1 April 2016	£m	£m
Additions	1.4	1.4
Utilised in year	0.3	0.3
Utilised in year	(0.3)	(0.3)
At 31 March 2017	1.4	1.4

The dilapidation provision is for estimated costs to be incurred for temporary housing and office leases with landlords under short leaseholds when they are handed back.

Notes (forming part of the financial statements) Year ended 31 March 2017

33. Pensions

Several pension schemes are operated by the Group.

PCHA

Genesis operates a defined benefit scheme in the UK which is closed for future accrual. A full actuarial valuation was carried out as at 31 March 2013 by Nigel Sloam & Company and updated to 31 March 2016 by a qualified actuary, independent of the scheme's sponsoring employer (Genesis). The major assumptions used by the actuary are shown below.

This most recent actuarial valuation showed a deficit of £6.064m. The trustees and Genesis have agreed that contributions of £700,000 per annum will be paid for a period of 10 years from 31 March 2015 to eliminate this deficit. Genesis has agreed to pay the scheme expenses including the PPF levies directly.

The scheme transferred into the trusteeship of The Pensions Trust from Scottish Widows on 1 October 2015 and an interim schedule of contributions dated 18 September 2015 has been agreed with the Trustee until a full schedule of contributions comes into force following the completion of the 30 September 2016 actuarial valuation. Genesis has agreed to continue to pay £700,000 per

annum and £90,000 per annum towards the scheme expenses and the PPF levies.

Genesis

Genesis operates a pension scheme in the UK. This report only refers to the defined benefit section of the scheme which is closed for future accrual. This is a separate trustee administered fund holding the pension scheme assets to meet long term pension liabilities. Scheme liabilities have been based on advice provided to the Trustee in August 2015, and have been updated to 31 March 2016 by a qualified actuary, independent of the scheme's sponsoring employer (Genesis). The major assumptions used by the actuary are shown below.

The company has agreed an interim schedule of contributions with the Trustee. The company will pay lump sums of £650,000 and £541,876 by 30 April 2016 and 31 March 2017 respectively in respect of additional contributions and a lump sum of £50,000 by 30 April 2016 (and £7,500 per month from 1 October 2016) in respect of scheme expenses. The Pension Protection Fund levy and Group Life premiums will be paid separately by the company. A full

schedule of contributions will come into force following the completion of them 30 September 2016 actuarial valuation.

For the 11 month period to 1 March 2016 Genesis operated a number of pension schemes within SHPS (SHPS DC, SHPS DB and the FRP schemes) which were combined into the new Genesis Pension Scheme as at 1st March 2016. The new scheme has a DB and DC element. The DC element is open to current and future employees and is auto enrolment compliant.

Actuarial valuation of the SHPS assets and liabilities have been completed for the last three financial years instead of using the multi-employer exemption.

LPFA

The London Pension Fund Authority Pension scheme is a defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme regulations 1997, as amended.

Notes (forming part of the financial statements) Year ended 31 March 2017

Genesis Pension Scheme

Employee benefit obligations

	2017 £m	2016 £m
The amounts recognised in the Statement of Financial Position are as follows		
Present value of funded obligations	53.7	47.7
Fair value of planned assets	(41.9)	(33.9)
Net liability	11.8	13.8
Amounts in the financial position		
Liabilities	(11.8)	(13.8)

	2017 £m	2016 £m
The amounts recognised in surplus are as follows:		
Interest on obligation	0.5	–
Current service cost	0.1	–
Total	0.6	–
Actual return on plan assets	0.5	–

	2017 £m	2016 £m
Changes in the present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	47.7	–
Liabilities transferred to the scheme	–	45.5
Service cost	0.1	–
Interest cost	1.6	0.1
Actuarial losses	6.8	2.1
Benefits paid	(2.5)	–
Closing defined benefit obligation	53.7	47.7

	2017 £m	2016 £m
Changes in the fair value of plan assets are as follows:		
Opening fair value of plan assets	33.9	–
Assets allocated to the scheme	–	33.4
Return on assets excluding interest income	8.1	0.4
Contributions by the company	1.2	–
Benefits paid	(2.5)	–
Interest income	1.2	0.1
Closing fair value of plan assets	41.9	33.9

The Group expects to contribute £1.3m in 2017/18.

Notes (forming part of the financial statements)

Year ended 31 March 2017

The major categories of plan assets as a percentage of total plan assets are as follows:	2017 £m	2016 £m
Equities	65.1%	66.0%
Bonds	29.7%	27.3%
Property	4.9%	6.0%
Other	0.0%	0.0%
Cash	0.3%	0.6%

None of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Principal actuarial assumptions at the financial position date (expressed as weighted averages):	2017	2016
Discount rate at 31 March	2.7%	3.5%
Future pension increases	2.3%	4.0%
Salary increases	2.0%	1.8%
Life expectancy from age 65:		
Male	23.2 years	23.1 years
Female	24.9 years	24.8 years

**PCHA 2001 Pension Scheme
Employee benefit obligations**

The amounts recognised in the Statement of Financial Position are as follows:	2017 £m	2016 £m
Present value of funded obligations	65.8	55.5
Fair value of planned assets	(47.6)	(41.3)
Net liability	18.2	14.2
Amounts in the Statement of Financial Position		
Liabilities	(18.2)	(14.2)

The amounts recognised in surplus are as follows:	2017 £m	2016 £m
Interest on obligation	1.9	1.8
Expected return on plan assets	—	—
Total	1.9	1.8
Actual return on plan assets	7.0	(0.2)

Notes (forming part of the financial statements)

Year ended 31 March 2017

Changes in the present value of the defined benefit obligation are as follows:	2017 £m	2016 £m
Opening defined benefit obligation	55.5	58.9
Interest cost	1.9	1.8
Actuarial losses/(gains)	9.8	(4.3)
Expenses	0.1	0.1
Benefits paid	(1.5)	(1.0)
Closing defined benefit obligation	65.8	55.5

Changes in the fair value of plan assets are as follows:	2017 £m	2016 £m
Opening fair value of plan assets	41.3	41.7
Expected return	—	—
Actuarial gains/(losses)	5.6	(1.5)
Contribution by employer	0.8	0.8
Benefits paid	(1.5)	(1.0)
Interest income	1.4	1.3
Closing fair value of plan assets	47.6	41.3

The Group expects to contribute £0.8m in 2017/18. The major categories of plan assets as a percentage of total plan assets are as follows:	2017	2016
Equities	58.6%	58.4%
Bonds	39.9%	40.0%
Property	0.0%	0.0%
Other	0.0%	0.0%
Cash	1.5%	1.7%

None of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Notes (forming part of the financial statements)

Year ended 31 March 2017

Principal actuarial assumptions at the Statement of Financial Position date (expressed as weighted averages):	2017	2016
Discount rate at 31 March	2.7%	3.5%
Expected return on plan assets at 31 March	N/A	N/A
Future pension increases	2.2%	2.3%
Life expectancy from age 65:		
Male	23.2 years	22.6 years
Female	24.9 years	25.0 years

LPFA Pension Scheme Employee benefit obligations		
The amounts recognised in the Statement of Financial Position are as follows:	2017 £m	2016 £m
Present value of funded obligations	12.5	10.4
Fair value of planned assets	(9.8)	(8.2)
	2.7	2.2
Present value of unfunded obligations	0.1	0.1
Net liability	2.8	2.3
Liabilities	(2.8)	(2.3)

The amounts recognised in surplus are as follows:	2017 £m	2016 £m
Current service cost	0.1	0.1
Interest on obligation	0.4	0.4
Expected return on plan assets	(0.3)	(0.3)
Total	0.2	0.2
Actual return on plan assets	(1.7)	0.1

Notes (forming part of the financial statements)

Year ended 31 March 2017

Changes in the present value of the defined benefit obligation are as follows:	2017 £m	2016 £m
Opening defined benefit obligation	10.5	11.1
Service cost	0.2	0.1
Interest cost	30.4	0.4
Actuarial losses	1.9	(0.9)
Benefits paid	(0.3)	(0.2)
Closing defined benefit obligation	12.6	10.5

Changes in the fair value of plan assets are as follows:	2017 £m	2016 £m
Opening fair value of plan assets	8.3	8.4
Interest on assets	0.3	0.3
Return on assets less interest	1.5	(0.3)
Actuarial gains/(losses)	–	–
Administrative costs	–	–
Contribution by employer	0.1	0.1
Contribution by members	–	–
Estimated benefits paid net of transfers	(0.3)	(0.2)
Closing fair value of plan assets	9.9	8.3

The Group expects to contribute £0.2m in 2017/18. The major categories of plan assets as a percentage of total plan assets are as follows:	2017	2016
UK equities	59%	46%
Bonds	21%	21%
Property	5%	4%
Other	6%	16%
Cash	9%	13%

Notes (forming part of the financial statements)

Year ended 31 March 2017

None of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Principal actuarial assumptions at the financial position date (expressed as weighted averages):	2017	2016
Discount rate at 31 March	2.6%	3.7%
Expected return on plan assets at 31 March	2.6%	3.7%
Future salary increases	4.1%	4.1%
Future pension increases	2.6%	2.3%
Life expectancy from age 65:		
Males	21.4 years	22.1 years
Females	24.1 years	25.2 years

Summary	Scheme assets (£m)	Scheme liabilities (£m)	Net liabilities (£m)
Genesis	41.9	(53.7)	(11.8)
PCHA	47.6	(65.9)	(18.3)
LPFA	9.8	(12.6)	(2.8)
Total	99.3	(13.2)	(32.9)

Notes (forming part of the financial statements)

Year ended 31 March 2017

34. Share Capital

ASSOCIATION	2017 Number	2016 Number
At 1 April	61	61
Shares issued	–	–
Shares cancelled	(1)	–
At 31 March	60	61

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.

35. Operating Leases

The Group and the Association had minimum lease payments under non-cancellable operating leases for properties as set out below:

Amounts payable as lessee	Group 2017 £m	Group 2016 £m	Association 2017 £m	Association 2016 £m
Not later than 1 year	36.6	40.5	36.6	40.5
Later than 1 year and not later than 5 years	50.1	60.6	50.1	60.6
Later than 5 years	219.1	219.1	219.1	219.1
	305.8	320.2	305.8	320.2

During the year £12.5m was recognised in the Statement of Comprehensive Income in respect of operating leases (2016: £11.7m)

Notes (forming part of the financial statements)

Year ended 31 March 2017

36. Capital Commitments

	Group 2017 £m	Group 2016 £m	Association 2017 £m	Association 2016 £m
Contracted but not provided for:				
Construction	231.7	216.2	313.0	252.7
Maintenance	–	–	–	–
	231.7	216.2	313.0	252.7
Approved by the Board and not contracted for:				
Construction	–	–	–	–
Maintenance	–	–	–	–
	–	–	–	–
	231.7	216.2	313.0	252.7
The Group expects to finance the above contracted commitments by:				
	Group 2017 £m	Group 2016 £m	Association 2017 £m	Association 2016 £m
Sale of properties	21.8	19.5	21.8	19.5
Capital grant	1.2	3.8	1.2	3.8
Cash and available loan facilities	208.6	193.0	289.9	229.4
	231.6	216.3	312.9	252.7

At 31 March 2017, the Group has cash and borrowing facilities available of £306.2m (2016: £138.5m).

Notes (forming part of the financial statements)

Year ended 31 March 2017

37. Housing Stock

	Group 2017 Units	Group 2016 Units	Association 2017 Units	Association 2016 Units
In development:				
Units for rent	406	256	398	223
Low cost home ownership	455	294	339	166
Outright sales	110	24	110	24
Other non-social housing:				
Market let	410	535	16	118
Intermediate rent	–	–	–	–
Commercial	2	4	–	2
	1,383	1,113	863	533
Social housing accommodation managed:				
General needs	14,583	14,735	14,583	14,735
Affordable rent	619	462	619	462
Supported housing and housing for older people	2,820	2,799	2,820	2,799
Temporary housing units	2,665	3,039	2,665	3,039
Low cost home ownership and other leased units	6,952	6,904	6,952	6,904
Key worker accommodation	1,369	1,352	1,369	1,352
Total social housing stock managed	29,008	29,291	29,008	29,291
Non-social housing accommodation managed:				
Market let	911	912	911	912
Intermediate rent	615	616	615	616
Commercial	243	247	243	247
Total non-social housing stock managed	1,769	1,775	1,769	1,775
Total housing stock managed	30,777	31,066	30,777	31,066
Units owned but managed by others	1,303	1,253	1,303	1,253

Notes (forming part of the financial statements)

Year ended 31 March 2017

38. Note to the Statement of Cash Flows

	2017 £m	2016 £m
Cash flows from operating activities		
Surplus for the year	52.8	57.8
Surplus on disposal of housing properties	27.1	24.5
Adjustments for non-cash items		
Depreciation of fixed assets - housing properties	19.1	19.7
Depreciation of fixed assets - other	4.5	3.4
Net fair value losses/(gains) recognised in the Statement of Comprehensive Income	13.3	4.7
Interest payable and finance costs	5.5	4.5
Difference between net pension expense and cash contribution	(1.5)	1.5
Increase in listing investment	0.2	–
(Increase)/Decrease in stock	(43.4)	54.7
(Increase)/Decrease in trade and other debtors	(8.4)	0.8
(Decrease)/Increase in trade and other creditors	(14.3)	(12.8)
(Decrease)/Increase in provisions	–	(0.4)
Increase/(Decrease) in Pension liability	(2.7)	(5.2)
Net cash generated from operating activities	52.2	153.2

Notes (forming part of the financial statements)

Year ended 31 March 2017

39. Related parties

The ultimate controlling party of the Group is Genesis Housing Association Limited, a registered social housing provider.

Board members

The Board includes one tenant member who holds a tenancy agreement on normal terms and cannot use their position to their advantage. The rent charged for the year was £5,485.65 (2016: £5,479.80) and the tenant had credit balance of £27.63 at the 31 March 2017 (2016: arrears balance of £131.45).

Transactions with non-social housing entities: Payable to the Association Subsidiary	Interest 2017 £m	2016 £m	Other 2017 £m	2016 £m
Genesis Community Foundation	–	–	–	–
GenFinance Limited	–	–	–	–
GenFinance II plc	–	–	–	–
GenInvest Limited	–	–	–	–
Central Chelmsford Development Agency Limited	–	0.6	–	0.2
Choices for Grahame Park Limited	–	0.9	–	–
Stoke Quay New Homes Limited	–	–	–	–
Genesis Purchasing Limited	–	–	–	0.4
	–	1.5	–	0.6

Interest:

Inter-group interest is charged by the Association to its subsidiaries on outstanding balances at commercial rates.

Other:

Gift aid donation from a subsidiary's profit to the Association.

Notes (forming part of the financial statements)

Year ended 31 March 2017

Payable by the Association	Purchase of housing properties		Maintenance		Interest		Other	
	2017 £m	2016 £m	2017 £m	2016 £m	2017 £m	2016 £m	2017 £m	2016 £m
Subsidiary								
Genesis Community Foundation	–	–	–	–	–	–	–	–
GenFinance Limited	–	–	–	–	(4.6)	(5.0)	–	–
GenFinance II plc	–	–	–	–	(15.2)	(15.3)	–	–
GenInvest Limited	–	–	–	–	–	–	–	–
Central Chelmsford Development Agency Limited	(34.6)	(40.7)	–	–	–	–	–	–
Choices for Grahame Park Limited	(24.0)	(14.6)	–	–	–	–	–	–
European Urban St Pancras 2 Limited	–	–	–	–	–	–	–	–
Stoke Quay New Homes Limited	–	–	–	–	–	–	–	–
Genesis Purchasing Limited	(17.5)	(14.1)	–	–	–	–	–	–
Pathmeads Property Services Limited	–	–	–	(8.0)	–	–	–	–
	(76.1)	(69.4)	–	(8.0)	(19.8)	(20.3)	–	–

Purchase of housing properties:

The Association purchases properties from property development subsidiaries.

Maintenance services:

Maintenance services were purchased by the Association from a subsidiary company. The subsidiary company ceased trading on 31 March 2015. Subsequently, maintenance services have been provided by the Association internally or purchased from a third party.

Interest:

Inter-company interest is charged to the Association on loans provided by subsidiaries whose purpose is to raise finance for the group. The interest charges match those paid by the subsidiaries to the respective third party lenders.

Notes (forming part of the financial statements)

Year ended 31 March 2017

	2017 £m	2016 £m
Year-end balances with non-regulated entities:		
Genesis Community Foundation	0.3	0.3
GenFinance Limited	(285.9)	(297.8)
GenFinance II plc	(252.6)	(252.7)
GenInvest Limited	1.0	0.5
Central Chelmsford Development Agency Limited	13.2	73.1
Choices for Grahame Park Limited	(1.9)	(9.5)
European Urban St Pancras 2 Limited	(1.1)	0.9
Stoke Quay New Homes Limited	0.3	0.2
Genesis Purchasing Limited	8.1	1.9
Pathmeads Property Services Limited	(0.8)	(0.8)
	(519.4)	(484.2)
Year-end balances with regulated entities:		
Springboard Two Housing Association Limited	–	0.1
	–	0.1

Notes (forming part of the financial statements) Year ended 31 March 2017

Transactions and balances with Jointly Controlled entities:

Genesis set up LINQ (a plc company) in conjunction with the Directors of Centrus (Treasury Advisors). Their shareholding is held by a company called LINQ Partners Ltd. The simple concept is that we bring properties and housing management to the table and they bring funding.

The shareholding in LINQ Housing is in two categories, one which gives voting rights and one which gives economic return. In order for this entity to be off balance sheet, Genesis cannot hold more than 25% of the voting rights and so the shares are distributed 25% each to ourselves and LINQ Partners and the balance are held by a Trust. The purpose of the trust is to hold any future value for a social purpose should the structure collapse.

The economic return of the organisation is distributed with respect to a share class 75% in favour of Genesis and 25% in favour of LINQ partners.

The purpose of doing this is to create a vehicle which will hold PRS properties for a period of not less than 50 years. By using the rent roll of these properties to fund their purchase from Genesis we release the funds tied up in these properties to facilitate simply building more homes. The funding is also tied in for a 50 year period, meaning there is little value to not holding them for this period.

The funder of the structure is M&G. After the 50 year period has expired the unencumbered properties are still the property of the shareholders (75% Genesis).

In respect of property units previously sold by Genesis to LINQ the economic return of the organisation is distributed with respect to a share class 100% in favour of Genesis once all property units have been sold on the open market. Any units acquired by LINQ from other sources are not subject to the same profit allocation.

Genesis will continue to manage these properties and one of the requirements of the various legal documents is that a Registered Provider remains in the structure.

During 2016 Genesis sold 77 units to LINQ Partners Ltd on 31 March 2016 for total consideration of £27.6m generating a net surplus of £1.7m. There were no transactions within the current year.

Prior year adjustments

A number of prior year adjustments have been made following further investigation of the 2016 figures. A total adjustment of £6.1m has been made to the 2016 Statement of Comprehensive Income with any additional changes totalling £5.1m allocated to the Income and expenditure reserve as these relate the periods before 2015/16.

Notes (forming part of the financial statements) Year ended 31 March 2017

Group	Note	2016 as previously stated £m	Adjustments £m	2016 Restated £m
Fixed assets	A	3,179.1	13.5	3,192.6
Current assets	B	258.5	(17.3)	241.2
Creditors: amounts falling due within one year	C	(134.4)	(7.9)	(142.3)
Net current assets		124.1	(25.2)	98.9
Total assets less current liabilities		3,303.2	(11.7)	3,291.5
Creditors: amounts falling due after more than one year	D	(2,482.0)	0.4	(2,481.6)
Provision for liabilities		(1.4)	–	(1.4)
Net assets excluding pension liabilities		819.8	(11.3)	808.5
Pension liabilities		(30.3)	0.1	(30.2)
Net assets		789.5	(11.2)	778.3

A – The fixed assets have been restated at £13.5m higher than previously reported:

1. A reclassification of properties previously held within current assets now reported within housing properties under construction £8.0m.
2. A right back of communal assets of £6.1m.
3. Write off of historical balances on non-property fixed assets (£0.6m)

B – Current assets have reduced by £17.3m:

1. A reclassification of properties previously reported within current assets now reported within housing properties under construction (£8.0m)
2. Stock held for sale was overstated in 2015/16 and has been written off (£6.2m)
3. Stock adjustment for Choices for Grahame Park (£2.6m)
4. Historic balance written off on stock held (£0.8m)
5. Fair value adjustment on Investments £0.9m
6. Debtors have decreased by (£0.6m) following write offs of historical balances and reclassification

C – Creditors have been restated £7.9m higher than previously reported:

1. Creditors within 1 year have been increased by £6.2m this represents the Section 75 pension debt for the SHPS scheme which was not previously accrued.
2. An inter-company creditor was created to offset the SQNH late adjustment in 2015/16 of £1.7m

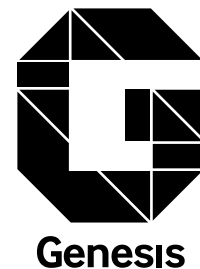
D – Creditors greater than 1 year have been reduced by £0.4m:

1. A historical inter-group creditor balance of £1.3m was written off
2. Reclassification of fair value investment (£0.9m)

Our Genesis Choir







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Creating and sustaining thriving communities



Genesis Housing Association Ltd is a Cooperative and Community Benefit Society (No 31241R)
Genesis is a registered provider of social housing. Homes and Communities Agency No L4655

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