

Creating and Sustaining Thriving Communities



Genesis

50

1965-2015

Financial Statements 2014/15

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The Board, Executive team, Committees and Professional Advisers

The Board

Charles Gurassa (Chair)	Non-Executive Chairman
Neil Hadden	Chief Executive
Imani Douglas-Walker	Non-Executive Member
Colette O'Shea	Non-Executive Member
David Turner	Non-Executive Member
Bruce Mew	Non-Executive Member – appointed 29 July 2014
Stephen East	Non-Executive Member
Eugenie Turton	Non-Executive Member
Elizabeth Froude	Executive Director of Resources
Rolande Anderson	Non-Executive Member – resigned 30 September 2014
Brian Ansell	Non-Executive Member – resigned 25 November 2014

Executive Team

Neil Hadden	Chief Executive
John Carleton	Executive Director of Markets and Portfolio
Jackie Bligh	Director of Governance and Compliance – resigned 26 September 2014
Laurice Ponting	Executive Director of Communities
Elizabeth Froude	Executive Director of Resources

Committees

Audit and Risk Committee	Chair – Bruce Mew
Asset Committee	Chair – David Turner
People Committee	Chair – Eugenie Turton
Nominations Committee	Chair – Charles Gurassa

Committee structure as from 1 April 2015

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

Company Secretary

Jackie Bligh	Director of Governance and Compliance – resigned 26 September 2014
Hilary Milne	Director of Governance and Compliance – appointed 5 January 2015

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

Auditor

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

Operating and financial review

The Board presents its report and audited financial statements for Genesis Housing Association Limited (Genesis) and its subsidiaries for the year ended 31 March 2015.

Business objectives

Genesis is a registered provider of social housing and is one of the country's leading social investment businesses with 32,639 (2014: 33,439) homes owned and managed in London and the East of England.

The core of Genesis' property holdings is a very high value portfolio in Central and North London, which has increased in value substantially over time to provide a significant equity base for Genesis. At 31 March 2015, Genesis' owned housing stock had a desktop valuation of £6.96 billion (2014: £6.2 billion) on a vacant possession basis.

Genesis aims to maximise the social value derived from its portfolio of social housing. Genesis is open to the acquisition and disposal of assets, particularly those which it would be uneconomic to retain and maintain to the Decent Homes Standard. However, it plans to always acquire and develop more new affordable housing units each year than are sold. 429 affordable housing units were sold during the year (2014: 314 units) and 741 new affordable units were brought into management from both the development programme and acquisitions (2014: 371 units).

Over the last five years, Genesis has sought to utilise this equity to maximise the supply of new affordable housing in the high demand areas of London and the east of England. It received substantial public support from the Greater London Authority and Homes and Communities Agency for this work.

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

- the provision of approximately 31,000 affordable homes for people unable to afford to rent or buy in the open market
- support for vulnerable people through supported housing
- a range of housing products for the intermediate market, including shared ownership and intermediate market rent
- we develop a number of market rent properties as an integral part of all new large development schemes. This allows us to offer our residents another access route to housing
- development of new properties for affordable rent, shared ownership and outright sale
- temporary accommodation with more than 3,200 homes under contract to 25 local authorities
- housing management contracts for local authorities, other housing associations, primary care and NHS trusts, developers and private investors with 1,300

- homes under management
- community development and regeneration of existing estates to improve the quality of life in local neighbourhoods. We do not just build new homes, we work with communities to address issues of health; education; opportunities for young people; employment; and safety. Corporate Social Responsibility is intrinsic to what we do – our new CSR strategy sets out our aspirations for the year ahead to ensure that our residents and those whom we serve are afforded opportunities to train, volunteer and access the jobs market.

Delivering around 5,000 new homes over the next five years is one of the main planks of our new Corporate Strategy. Genesis is an investment partner under the Homes and Communities Agency's (HCA) and the Greater London Authority's (GLA) National Affordable Housing Programme (NAHP). It has also been appointed as the Registered Provider for the Woodberry Down regeneration scheme in Hackney and is committed to the Grahame Park regeneration scheme in Barnet. Grahame Park is the largest Registered Provider-led regeneration scheme in the UK. We are also members of the Homes and Communities Agency's Delivery Partner Panel (DPP) for London and the South East.

Operating and financial review

Vision, mission and values

Genesis aims to be a New Style Provider for the Digital Age.

We have developed a narrative to describe in more detail what this means. It is set out in the following paragraphs.

Genesis combines its social purpose with a commercial approach geared to filling gaps in dysfunctional housing markets and creating value in the properties we own and the places in which we operate. Our innovative approach means that we offer a wide range of tenures, products and services which are aimed at helping our customers meet their housing aspirations as they evolve and their circumstances change over time. We recognise the value and importance of strategic alliances, working closely with local authorities and other partners in our key areas of operation – London and the east of England.

Our range of customers and their expectations will become more diverse over time. We aim to be an agile organisation, using our customer knowledge to align our products and services and the standards to which we deliver them, so that our customers trust us, want to stay with us and recommend us to others. Providing more opportunities for customers to self-serve on transactional services, taking advantage of digital technology, will help deliver expectations of instant service delivery.

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

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

Given the current and likely enduring shortage of public funding for new housing we consider that an increased focus on providing intermediate and market based products, such as shared ownership, shared equity, intermediate rent, market rent and outright sales, is important in meeting today's housing problems as well as potentially providing resources for the development of our more traditional social housing. We recognise that as an independent, modern organisation, we should be less reliant on increasingly scarce government funding and more self-sufficient, looking to see how we can use the value within our existing portfolio to meet our objectives. In this way Genesis aims to be a leading property-based

service provider within the areas in which we operate.

Mission

Our Mission Statement reflects the vision and the role we want to play in Creating and sustaining thriving communities

Values

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

They are:

Customer focus

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

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

Respect

Treating people fairly; recognising, understanding and celebrating difference.

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

Operating environment

The environment in which we operate continues to be challenging.

While the main economic indicators are more positive than in previous reporting periods, the macro-economic position remains uncertain. Public policy changes augur further uncertainty and change. Genesis has focused over the year on understanding the potential impact of the Government's welfare reforms, including developing strategies and interventions to minimise the impact on our customers' ability to pay their rent and service charges. We have put in place proactive support programmes to enable our customers to manage their money and maximise their income.

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

Review of the year ended 31 March 2015

Financial performance

The financial year 2014/15 saw another solid year of financial performance with a pre-tax surplus of £36.5m.

	2015	2014	2013	2012	2011
Operating margin (%)	24.69	24.46	20.45	20.52	19.79
EBITDA MRI (%)	100.2	94.7	91.1	68.2	105.8
Interest cover (%)	178.7	145.8	154.8	132.8	135.4
Debt per unit (£)	49,510	47,999	47,723	49,404	47,014
Gearing* (%)	46.4	46.1	46.2	50.1	49.3

*net debt as a percentage of housing property

Efficiency

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

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

Good employer

Everyone working together to make Genesis a great place to work

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

Partnership working

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

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

Operating and financial review

Our 2012-15 Finance Strategy targeted both a growth in margins and a reduction in gearing in order to strengthen our financial profile, to absorb risk in the current challenging operating environment, and to deliver increased capacity to invest in new homes and services in the future during a time of constrained public spending. Service transformation and more effective budgetary control have assisted us in delivering a further improvement in key operating and debt service margins.

Surpluses on disposal of property have remained strong, totalling £30.7m for the year (2014: £30.3m). This was principally due to sales of previously rented properties generating a profit of £25.2m.

	No of units 2015	Sales value 2015 £m	Cost of sales 2015 £m	Surplus/ (deficit) 2015 £m	No of units 2014	Sales value 2014 £m	Surplus/ (deficit) 2014 £m
First tranche shared ownership sales	193	22.30	(18.9)	3.4	136	12.60	0.9
Sales of previously rented properties	85	30.10	(4.9)	25.2	104	30.90	23.7
Sales to other RPs	34	2.10	(2.7)	(0.6)	142	11.90	2.1
Staircasing of shared ownership	236	34.10	(25.5)	8.6	179	21.40	3.7
Right to buy and right to acquire	12	2.70	(2.7)	-	9	1.70	-
Newly developed private homes*	35	10.60	(9.8)	0.8	29	9.20	0.3
Sale of commercial units	4	3.0	(9.7)	(6.7)	5	0.90	(0.4)
		104.90	(74.2)	30.7		88.60	30.3

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

Operational performance

Key operational ratios

Indicator	Target 2015	2015	2014	2013
Resident overall satisfaction with Genesis %	65.00	64.60	69.20	70.50
Resident satisfaction with Repairs Service %	85.00**	58.80	76.80	75.90
Cash collection %	100.50	100.40	100.30	99.90
Current tenant arrears (gross of Housing Benefit) %	6.0	5.80	6.30*	5.70
Void loss %	1.90	2.30	2.10	1.70
Void loss (£m)	3.90	4.80	4.40	3.30
Re-let performance times (days)	24.00	28.90	23.60	25.00

*Note – the methodology was changed for Current Tenant Arrears (gross of Housing Benefit) to reflect Housemark in 2014. The current arrears total for 2013 recalculated would be 6.7% showing an improvement in 2014.

**Note – the survey company changed in 2014/15 which resulted in different methodology, with the results being based on a response of rating 1 – 10.

In 2014/15 Genesis engaged 'The Leadership Factor', a market research company, to undertake customer satisfaction surveys on our behalf. This change was driven by a real business need to get more robust and actionable customer insight. In addition, there was a significant value for money consideration too – the new, more robust service is provided at a substantial saving compared to the previous methodology. The additional features offered by The Leadership Factor's service are:

- ability to benchmark scores across all UK service sectors
- ability to benchmark scores within housing sector
- ability to provide insight on customer priorities, satisfaction, drivers of improvement and priorities for improvement
- alignment with the UK Customer Service Index methodology, in relation to which we have set targets in our Customer Service Strategy for customer satisfaction and accreditation.

Operating and financial review

Our core activities, within owned stock, show operating profit of £66.8m, up on last year by £6.5m. This is an increase in operating margin from 32.21% last year to 34.44% this year. The balance of our income is from our services as a managing agent for other landlords, one which shows us retaining a lower margin due to the absence of our liability to maintain these properties. This result is even better in the context of having absorbed staffing costs relating to agency, redundancy and recruitment costs as a result of the finalisation of our restructuring.

From January 2015, we now operate an auto-enrolment pension scheme, with an annual cost expected to be in the region of £0.8m. Additionally, reduced public sector funding in relation to managed properties has put an additional strain on our operating cost base.

We continue to maintain a focus on improving both the quality and value of the services we deliver and the need to maintain our stronger financial position. Indicators of improving service are:

- customer satisfaction changed methodology in July 2014 and we are now benchmarking and targeting our performance against a wider group of organisations; this has seen the satisfaction with repairs improve by 5% from the initial surveys to 58.8%
- income collection rate was 100.4% (2014: 100.5%). This is a good performance in an increasingly tough economic environment
- operating margin improved to 24.73% from 24.36% in 2014
- gearing at 46.4% is slightly higher than 2014 (46.1%) due to £110m of new borrowing for the purchase of Asset Trust Properties (352 homes £70.2m) in October 2014

	Peer Association median*			Genesis Actual 2015	Genesis Projection 2016
	2012	2013	2014		
Operating surplus from social housing lettings (£)	n/a	n/a	58.1	68.6	69.1
Operating surplus from social housing lettings (% turnover)	22.8	25.5	24.1	29.2	27.9
Effective interest rate (%)	5.3	5.3	4.5	4.5	4.7

* Peer Association figures have been sourced from the Homes and Communities Agency's Annual Global Accounts

Operating costs for general needs units

	Actual 2014	Actual 2015	Projection 2016
Operating cost per social housing unit	4,185	3,854	3,855
Maintenance cost per unit	1,020	632	705
Management cost per unit	1,376	1,583	1,390
Bad debts per unit	66	100	106
Service cost per unit	725	553	668
Overhead as % of income	7.9	8.9	8.9

Completed housing properties

An external desktop stock valuation was performed at year-end. The value of Genesis' properties at 31 March 2015 under a variety of bases significantly exceeds the net book values included in the financial statements.

	Analysis of values at 31 March 2015 by property type		
	EUUV-SH £bn	MV-T £bn	VP £bn
General needs housing	1.31	2.99	5.04
Intermediate rent	0.06	0.09	0.14
Keyworker accommodation	0.09	0.09	0.18
Affordable rent	0.05	0.07	0.12
Market rent	0.07	0.11	0.17
Supported housing	0.14	0.29	0.47
Shared ownership housing (LCHO)	0.27	0.27	0.83
Total	1.99	3.91	6.95

EUUV-SH Existing use value social housing
MV-T Market value subject to tenancy
VP Vacant possession

	Analysis of values at 31 March 2015 by location		
	EUUV-SH £bn	MV-T £bn	VP £bn
Inner London	1.32	2.93	5.29
Outer London	0.16	0.29	0.51
Outside London	0.51	0.69	1.15
Total	1.99	3.91	6.95

Completed housing properties include 530 new homes that were completed during the year for rent (2014: 211) and 211 new homes for Low Cost Home Ownership (2014: 129). Development during the year also included the completion of 191 homes for outright sale (2014: 406). We completed 932 (2014: 751) new homes during the year.

Funding received from the HCA and GLA was £7.9m (2014: £34.5m).

As at 31 March 2015 the £195.9m (2014: £207.0m) of development work in progress was below the previous year due to the larger schemes reaching practical completion. The number of homes under development at 31 March 2015 has decreased to 1,156 (2014: 1,967). The value of the land bank not in the course of development has reduced to £10.4m (2014: £23.4m): this land is being held until the outcome of the HS2 trainline project is known. Additionally, development commitments over the next three years are limited to delivering Genesis' contract for 349 new affordable homes under the GLA's 2015-18 National Affordable Housing Programme, our ongoing commitment to the regeneration of Grahame Park and Woodberry Down and the development of the remaining land bank sites.

The expenditure per existing social housing unit on new homes is the equivalent of £3,044 per existing home. The capital commitments to new schemes as a proportion of fixed assets was 13%.

Forecast unit completions by tenure 2016-18

	2016	2017	2018
Private sale/market rent	185	204	336
Shared ownership	54	184	488
Commercial sale/rent	-	2	-
Social and affordable rent	93	531	498
Total	332	921	1,322

Operating and financial review

Development cashflow projections 2016-18

	2016 £000s	2017 £000s	2018 £000s
Investment in new homes	(170,014)	(314,517)	(439,237)
Grant	3,534	2,108	3,576
Proceeds from outright/ first tranche sales	61,166	60,845	100,496
Existing property sales proceeds	71,198	73,913	60,336
Net investment in new homes	(34,116)	(177,651)	(274,829)

In addition to the development of new homes, Genesis continued to invest in our existing properties. Total spend on major repairs in the year was £12m (2014: £10.9m), responsive repairs expenditure was £7.9m (2014: £16.1m) and cyclical works spend was £5.5m (2014: £6.1m). All properties meet the Government's Decent Homes Standard.

Financing

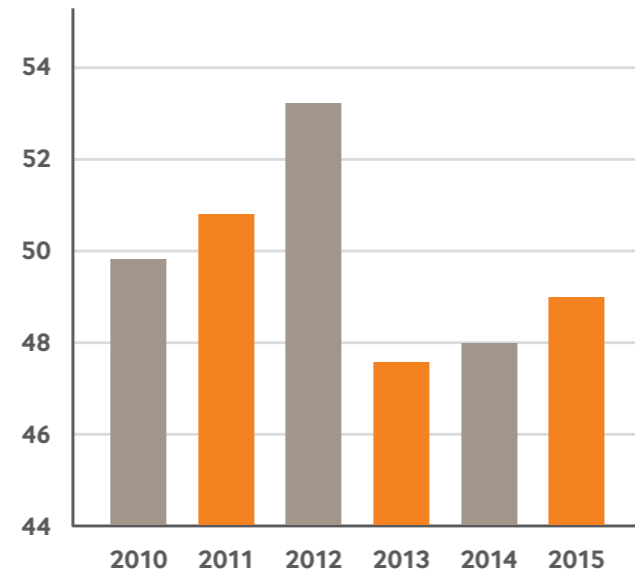
At 31 March 2015, total borrowings were £1,527m from available facilities of £1,579m (2014: total borrowings were £1,408m from available facilities of £1,533m).

Borrowings include a £250m bond issued by the Group in the capital markets in 2009 and 2012 and a loan of £43.4m from the Homes and Communities Agency under the Build to Rent fund. At the same date, we had cash balances of £86.2m (2014: £75m) in addition to the £52m (2014: £130m) of secured loan facilities available to draw down. A number of new financing streams being negotiated during 2014/15 were finalised during the first quarter of 2015/16, delivering £44.2m of new facilities and cash.

Genesis (and the Group bond issue) is rated A2 by Moody's.

Debt per unit has marginally 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.

Debt per unit (£000s)



Our re-financing risk is considered to be low, with 87% (£1,317m) (2014: 91%, £1,279m) of debt due for repayment after 5 years.

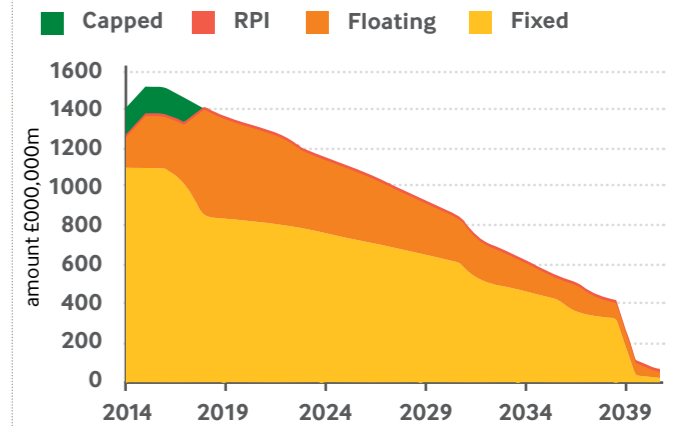
Exposure to interest rates is managed through the use of standalone and embedded hedges. At 31 March 2015, £350m (2014: £350m) of standalone interest rate swaps were outstanding, with an average maturity of 11 years. Genesis' total hedged position at 31 March 2015 (consisting of fixed, capped and RPI linked interest rates) was £1,252m, representing 83% of the total borrowings (2014: £1,254m; 89% of total borrowing).

Debt repayment profile



- Within 1 year
- Between 1 and 5 years
- Between 6 and 10 years
- Between 11 and 20 years
- Over 20 years

Debt hedging profile



Operating and financial review

Cash flows

Genesis carries out a regular review of cash flow risk as part of its risk management procedures. The key elements of cash flow risk are fluctuations in interest rates, the availability of loan finance and property sales receipts.

The Board is confident that, following the further strengthening of controls during the year, the risks are appropriately monitored and controlled.

The cash flow statement shows that during the year, Genesis generated net cash inflow of £11.2m (2014: outflow £54.2m) and made net interest payments of £67.3m (2014: £65.1m). Genesis increased its debt by £119.5m (2014: £10.8m decrease) in the year. Key drivers for these cash outflows and associated increase in net debt included the receipt of £8.0m (2014: £34.8m) and £69.2m (2014: £66.5m) in capital grants and property sales respectively.

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.

Summarised cash flow

	2015 £m	2014 £m
Net cash flow from operations	40.3	66.7
Interest	(67.3)	(65.1)
Expenditure on improvements to existing properties	(11.2)	(10.9)
Development and acquisition of new properties	(147.4)	(135.4)
Cash received from property sales	69.2	66.5
Grants received	8.1	34.3
Loans drawn down in year	119.5	(10.8)
(Decrease)/Increase in cash in the year	11.2	(54.2)

Value for money

Value for money has been enshrined as a key principle for Genesis through inclusion in the Corporate Strategy 2015–20 high level outcomes.

Our approach to value for money has a number of key elements:

- benchmarking – using the Housemark analysis and comparisons with peer associations in the G15
- self-assessment by service managers linking the cost of service provision with meeting Corporate Objectives
- understanding the economic performance of our property assets through participation in the development of IPD's UK Social Housing Index
- a strategic approach to procurement to make sure Genesis gets the most appropriate goods and services with a view to delivering value for the whole life of its contracts
- an understanding of the Social Return on Investment, working with the HACT model to demonstrate how investment from Genesis benefits the public purse.

We report on the activities undertaken and achievements realised under each of the elements.

Value for money information will be published on Genesis' website in 2015/16 providing more detail on our activities, including regular updates on future benchmarking evidence as it becomes available.

Benchmarking results

The results below are predominately based on the Housemark and IPD index data for year March 2014.

The Housemark report showed a significant improvement, with 45% of the Housemark measures improving their ranking amongst the G15 cohort in 2013/14. In 10 measures out of 233, Genesis was ranked No. 1.

Ranked No.1 amongst G15:

Direct cost per property of anti-social behaviour non-pay costs

Direct cost per property of lettings

Total cost per property of lettings

Overhead cost per property of major works (service provision)

Total cost per property of major works (management)

Total major works and cyclical maintenance units managed

Total cost per property of cyclical maintenance (management)

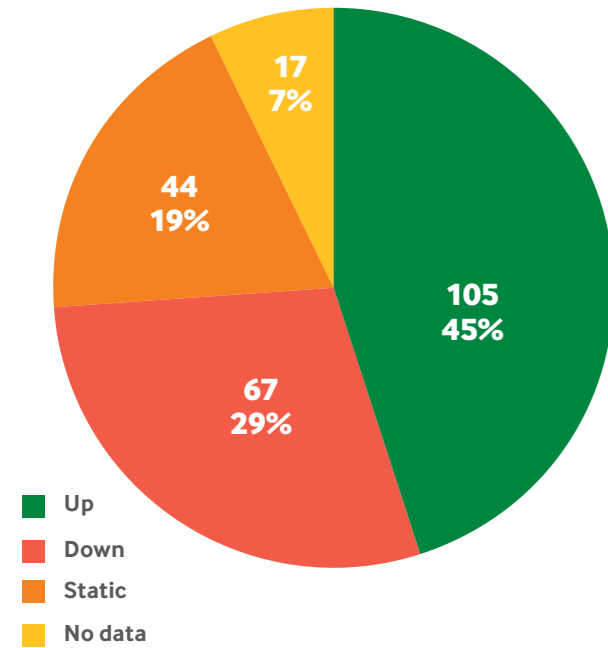
Total costs of cyclical maintenance (management) as a percentage of total repairs costs

Total responsive repairs (service provision) costs as a percentage of total repairs costs

Direct cost of Leasehold (where 100% owned) as a percentage of operating cost

Operating and financial review

Direction of travel (2013/14) - core benchmarking overall



Self-Assessment

Value for money assessments have been based on Service Managers' views and judgments and in most cases have been compared to available benchmarking and cost/budget information. Many corporate services engage in more detailed benchmarking work specific to their particular areas of activity.

Service quality, Feb 2014/15

		Basic	Medium	High
COST	High	<ul style="list-style-type: none"> HR Service Charges 	<ul style="list-style-type: none"> Service Charges 	<ul style="list-style-type: none"> Development
	Medium	<ul style="list-style-type: none"> Information Technology Leasehold Services Property Services 	<ul style="list-style-type: none"> Estate Services Tenancy Management ASB Finance Contact Centre HR 	<ul style="list-style-type: none"> Governance & Compliance Key Places Temporary Housing
	Low	<ul style="list-style-type: none"> Complaints Portfolio Management Customer Involvement 	<ul style="list-style-type: none"> Care & Support Commercial Team Lettings Service Social Economic Regeneration Procurement 	

The current position is based on the 22 services shown above. 82% (18) of Genesis' services are within the green areas of the value for money grid shown.

Services that were previously not providing satisfactory value for money, as per their own individual self-assessments, have provided updates on their progress in the following pages:

Human Resources

The ambition in 2013/14 was to move to a position whereby, in 2014/15, HR would be offering a medium level of cost and a medium level of quality. Significant work in this area means that HR has achieved its ambition to improve its value for money and is now rated both medium cost and quality. Work to achieve this included:

- significant improvement of HR data through better use of HR data on iTrent (the HR system) by encouraging manager self-service
- roll out of the Learning and Development module: there is now a learning and development calendar for staff which outlines the training offer across the association
- achievement of a better link between learning and development, the new Corporate Strategy and service planning aims, through better targeted and designed learning and development activity
- more strategic use of HR professionals geared to service improvement, business development and workforce planning. HR has also moved to business partnering and workforce planning, which is up and running successfully across the business
- HR data linking budgetary performance as well as other KPI measures designed to analyse return on investment of staffing costs.

Service Charges

The Genesis Way Programme, which completed in 2014, enabled this service to define the policies required and develop appropriate procedures. It has also resulted in

the implementation of a new piece of software, which will enable the collection and monitoring of correct service charges. Value for money is assessed as having improved in this area moving from high cost, basic quality to high cost, medium quality. Ongoing work includes:

- procurement exercises which expect to see reduced costs and increased efficiency: new contracts are due to start in 2016, with the aim being that there will be fewer suppliers and bulk cost savings
- a reviewed service charge policy which is easier to understand and more succinct
- completing end to end process reviews, to make sure we have fit for purpose processes
- completion of service charge training across the business towards year end 2015/16
- closer working with front-line colleagues to address issues and deliver improved information with increased transparency.
- cleansing of data to ensure accurate budgets for 2014/15.

Information Technology

Information Technology is one of the key enablers to achieving value for money, and because of the investment required to assist service areas become more efficient, this area will remain an area of higher spend. Work to enable value for money across the business includes:

- delivery of reporting services to Genesis through a single consolidated team with lower operating costs
- to rationalise and invest in the infrastructure as it

ages and as we embrace lower cost third party services

- to provide quality systems and services that are required to deliver the business' future vision
- review of our systems that may not be as functionally rich as previously thought
- rationalisation of spreadsheet systems to reduce the number in order to simplify and streamline business in the new IT strategy
- to digitalise our services for internal and external customers in order to reduce duplication of administration, automate processes and intelligent decision making to allow our staff to be more effective and create value for money.

Leasehold Services

The housing management service was redesigned in 2013/14 to fundamentally improve the service to customers, by delivering a more proactive, regionally based service, supported by specialist functions. This also includes the establishment of a specific leasehold team to drive improved performance and customer satisfaction in this area. Work includes:

- driving efficiencies through process reviews of housing management services and cross departmental processes to drive out waste and inefficiency
- implementation of new systems eg. CRM, to drive efficiencies in transaction handling
- understanding the drivers for our various customer segments to more intelligently direct service and deliver greater efficiencies.

Operating and financial review

Property Services

This area is being improved through the continued transformation of its services. Work includes:

- people: putting in place a unified staffing structure that is fit for purpose
- process: review and re-design of repairs policy and current ways of working
- IT: investing in systems that support our people and give customers clarity around how their repair request is being dealt with
- culture: support and embed Genesis' values, culture and behaviours throughout Property Services and embed them in service delivery
- procurement: the implementation of the procurement strategy will have considerable impact on the value for money achieved on cyclical and capital programmes
- budgetary accountability and control at all levels
- pilot and implementation of Travis Perkins supply chain, van stocks and e-trading, will ensure the business achieves the forecast value for money position.

Genesis Way Programme (GWP)

The large-scale Genesis Way Programme concluded in June 2014. In just over two years, the organisation underwent a complete transformation, securing annual savings of £19m to be realised year-on-year from April 2015.

While the programme has delivered much, there is more to do. Genesis is in the process of embedding new structures, new ways of working and our model of continuous improvement.

We fully expect to see growing improvement in service consistency and reliability, which in turn should drive improvements in customer and colleague satisfaction.

Understanding the economic performance of our property assets

We have been founding members in a group supported by the property data organisation, IPD, the purpose of which was to enable social housing landlords the ability to use commercial skillsets and methodology to appraise the value and growth in the value and performance of their property assets. This work has allowed us to quantify both the capital growth and revenue return of all owned assets. Benchmarking of growth and income return on the Genesis portfolio in comparison with other landlords is now available.

The tables show the areas of growth and how we are comparing to the other members of the group, with national housing indices and with commercial sectors.

Participating in this work allows us to quantify the social dividend generated from our homes being at reduced rental tenures.

Return and operating cost comparators

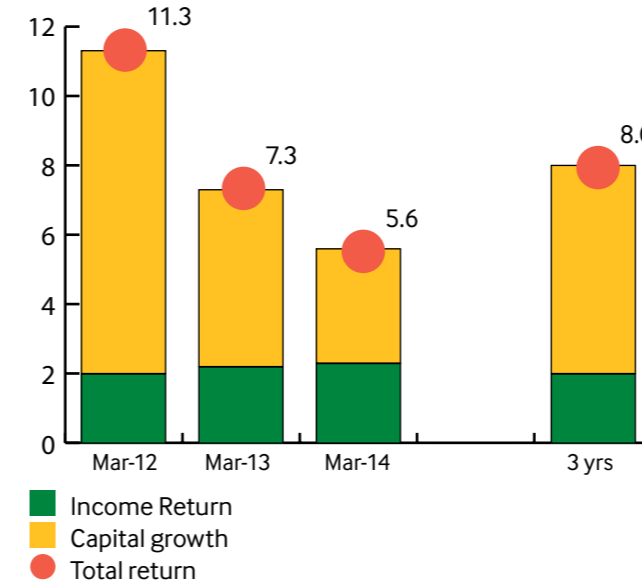
	Genesis	Benchmark
Total growth	5.6%	5.5%
Capital growth	3.2%	2.0%
Income return	2.3%	3.5%
Turnover	6.0%	6.4%
Operating costs as % of g.i.	49.1%	49.0%
Operating costs per property	£2,726	£2,759
Voids as % of MR	2.6%	2.0%
Rent passing growth%	4.5%	5.0%

The benchmarking group is still relatively small, with five landlords – as such, Genesis' portfolio is a significant proportion of the group. As other landlords participate in the index, benchmarking will support decision making regarding portfolio management.

The total capital value of assets under consideration equates to £5.2bn. The annual growth in 2013/14 was 5.6% (3.2% capital, 2.3% revenue), higher than the benchmark group. Genesis' capital growth is in the top quartile against the benchmark group. This may be derived from the substantial development programme in 2013/14 and the location of the majority of our stock in London.

While revenue growth is in the bottom quartile of the benchmark group, this is an increase from 2013 of 0.1%. Increasingly, as units are let at Affordable Rent levels, Genesis should expect greater income return figures contributing to increased total return.

Components of return



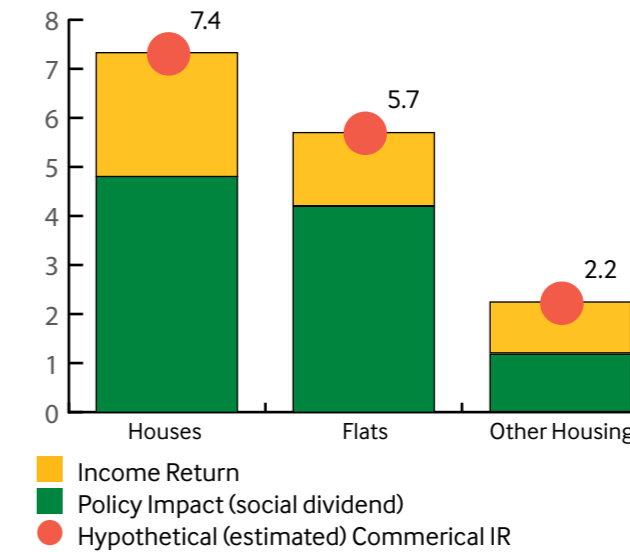
The relative operating cost base has reduced by 8.5% since March 2013 to 49.1% in March 2014. This is in line with the benchmark group, which is at 49%. This reduction in the overall cost base has resulted from an efficiency drive delivered through the Genesis Way Programme.

	Genesis			BMK	
	Houses	Flats	Other Housing	Total 2014	Total 2013
As % of gross income	40.9	45.1	82.4	49.1	53.7
£ per m ²	33.7	48.3	57.7	44.8	33.0
£ per property	2565	2574	3367	2726	3000

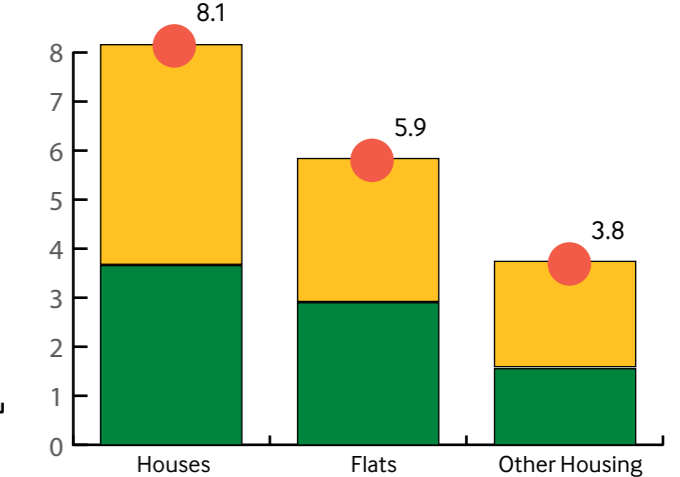
The tables below show the social dividend created by our investment in social housing rather than market properties. Income growth, had our money been invested in the same areas in market rent tenures, would have been 7.4% growth. Therefore the social dividend (or income foregone) generated from our stock equates to 4.9%.

Income Growth and Social Dividend

Genesis



Benchmark



Operating and financial review

Procurement

The Procurement team has a significant role to play in ensuring value for money across the business. They work with different teams to drive value for money into procurements and contracts across all areas of Genesis' operations.

In 2013/14 there were 3,227 active suppliers on Genesis' Approved Supplier List, with limited strategic approach and poor Supplier Relationship Management (SRM)

In 2014/15 this was reduced to 1,322 through active SRM and rationalisation of the supply chain through the procurement projects under the Genesis Way Programme.

Of the remaining suppliers, 367 relate to statutory activity i.e. Council Tax, freeholder payments, utilities and so on. Therefore Genesis has a true third party supplier community of around 955, which will be further optimised through the implementation of category strategies.

Within the Building and Property Services Category we worked with PwC to appoint a repairs and maintenance partner in June 2014. The successful partner was Kier, who, along with all other bidders were assessed on value for money criteria alongside customer service and corporate social responsibility. Our residents were included in the evaluation process to ensure that the winning bid met the needs of our customers.

The initial contract savings were in the region of £10m which was a significant saving on the baseline spend for repairs and maintenance. Since being appointed, Kier have placed five apprenticeships places onto the contract; delivered 79% of all jobs as 'first time fix' against a target of 75% and they have also advertised for work experience placements from Spring 2015.

In the last year, corporate and professional services have worked to embed value for money within the re-procurement of our insurance service. This was achieved by consulting with representatives from every area of the business and getting the right information about our business to the bidders, including information about our properties and business activities. This enabled bidders to offer the right base of cover for our risk exposure to calculate appropriate risk ratings and premiums. In addition, the excess payable was adjusted to ensure that all leaseholders benefit from a reduced premium.

The Board approved the reappointment of Zurich Municipal as our insurance partner, to provide Genesis and our residents with a high quality service that is flexible, agile and innovative.

With all the GWP procurements complete and mobilised, one of the key areas the business is now working on is to make sure that bid promises and savings targets are delivered and reported on. We have already seen the benefits of the legal and outsourced recruitment contracts and we expect the Repairs and Maintenance implementation to start to yield positive results in the

coming months as service KPIs are scrutinised more closely now the implementation phase has finished.

Part of the Procurement team's ongoing role is to make sure that suppliers are performing against contracted KPIs so we can safeguard value for money throughout the life of the contract. Supplier relationship management is key to the delivery of value for money in our supply partnerships.

Added Social Value activities

The Genesis Connect team brings together our service offers that work to help our customers' aspirations, improve their life chances and help Genesis to provide sustainable communities where people choose to live and can thrive.

The following are some areas we have worked on in the last year and some of their outputs. These statistics underline the changes in lives that have often occurred. We are justly proud of our interventions in this sphere. They are fundamental aspects of our social purpose and figure in our Corporate Social Responsibility strategy.

Volunteering and employment

- 78 customers gained employment
- Five apprenticeships through our new repairs and maintenance contract
- 287 customers accessed training
- 56 volunteer placements
- 1,304 volunteer hours with a value of £13,040
- 553 corporate volunteer hours with a value of £16,590
- Over £150,000 in Social Value through employment in the new repairs contract
- Saved Genesis an estimated £8,750 in recruitment costs through the 'on-boarding' model to help get customers back into work.

Financial inclusion

We have developed a partnership with London Plus Credit Union so that we can offer a single, consistent banking offer to all our customers across our stock. Access to

banking services is increasingly essential, helping customers to deal with Universal Credit, gain employment, access services and information and lower household expenditure. Our existing partnerships with Credit Unions mean we are able to signpost customers to financial products, so that residents are not left without access to services.

Our Financial Inclusion Officers have been in post for less than six months and so far have worked with 94 customers. Across these customers, there has been a reduction in arrears of £35,283. Our Welfare Benefit Advisors have assisted 273 customers and gained £322,503 in income for claimants.

Tenancy Fraud

In the six months that our Tenancy Fraud Officer has been in post, 11 properties have been recovered. This equates to savings of £198,000.

Enterprise

Supporting enterprise is a fundamental part of our social purpose. Genesis promotes this through the main localised employability programmes, such as 'Look before you Leap' workshops which are delivered to residents at Grahame Park, Barnet and Stratford Halo, Newham.

Business start-up training sessions are run over a 10 week period and provide residents with support and guidance in all aspects of enterprise. One of the key outcomes is support to produce a business plan which forms an

intrinsic part of the valuable learning outcomes of the training. This year alone, 31 new businesses have launched, of which all were awarded start-up funding.

Working in partnership with Enterprise Cube, we have been able to secure a short term rent-free lease in the city of London, which has been extended for an additional 12 months. This offers Genesis the potential to create a premier Pop-Up Business Academy, incorporating a valuable retail outlet. The premises offer affordable office space, meeting and training rooms, retail space and potential café/restaurant space with communal kitchen.

We have a number of other socio-economic programmes, from youth programmes to digital inclusion for older residents. Full details of our activities will be published during 2015/16 on our website.

Operating and financial review

Remuneration

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

Board member	Salary £	Employers pension £	Other benefits £	Total £
Non-Executive				
Charles Gurassa - Chairman	20,000	-	-	20,000
Rolande Anderson	3,333	-	-	3,333
David Turner	10,000	-	-	10,000
Eugenie Turton	6,500	-	-	6,500
Brian Ansell	6,500	-	-	6,500
Imani Douglas-Walker	6,500	-	-	6,500
Colette O'Shea	6,500	-	-	6,500
Stephen East	10,000	-	-	10,000
Dennis Argent	1,625	-	-	1,625
Alfred Balabanoff	1,083	-	-	1,083
Myra Barnes	3,250	-	-	3,250
Glen Beatham	3,250	-	-	3,250
Peter Coleman	2,170	-	-	2,170
Nicholas Feaviour	3,250	-	-	3,250
Bruce Mew	5,435	-	-	5,435
Peter Roberts	3,250	-	-	3,250
David Shields	3,250	-	-	3,250
Executive Directors				
Neil Hadden – Chief Executive	208,788	13,181	9,933	231,902
Elizabeth Froude – Executive Director of Resources	128,322	10,904	1,535	140,761

The salary and fees of the Chief Executive and Chairman on a £ per unit basis were £7.10 and £0.61 respectively.

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

Executive Directors	Salary £	Employers pension £	Other benefits £	Total £
John Carleton	140,091	6,556	2,129	148,776
Jackie Bligh (to 26/09/14)	43,825	2,551		46,376
Laurice Ponting	130,045	11,177	1,457	142,679

The future outlook

As we celebrate Genesis 50, marking half a century since Paddington Churches Housing Association was formed, it is fitting that we also launch our blueprint for the next five years, our Corporate Strategy 2015–20. It allows us to celebrate where we've come from and to stand firmly on those foundations as we look to the future.

Our new mission, Creating and Sustaining Thriving Communities, sums up why we are here. Genesis has always been about more than just bricks and mortar. We fulfil our social purpose by adopting a commercial approach to our work to ensure we can offer value for money and stand on our own two feet in today's increasingly challenging environment. In this way we support innovation, which helps us to continue to offer much-needed homes and excellent services for our customers.

Our new vision also speaks to this. When we say we will be 'a new style provider for the digital age' we mean that we recognise the challenges ahead and we want to be creative, innovative, flexible and agile in how we address them. It's not just about technology, although technology will play its part, it's about knowing who we are and staying true to that, and what we need to do to adapt to the changing external environment.

In response to these challenges, and in order to provide the organisation and our partners with an overall strategic direction of travel, we have agreed that our efforts will be focused on delivering seven high level outcomes over the next five years:

- **Improved customer satisfaction with our services**
We are aiming to achieve a step-change in customer satisfaction

- **Improved wellbeing of the communities we serve**
We are aiming to improve the social and economic wellbeing of the communities we serve, as well as improving our environmental sustainability

- **Concentrating on our core areas by moving out of some of the peripheral locations within our portfolio**

We will consolidate our geographical footprint in those areas where we can develop a strategic partnership with the local authorities, and where we genuinely believe we can make a real difference to people's lives through the housing and the services we provide

- **Investing in at least 5000 new homes**
We will be delivering at least 5000 new homes by 2020, and would like to exceed this target if finances permit

- **An engaged and high performing staff team**
We will be investing in the development of our staff and working to improve engagement across all areas of the organisation

- **Access to our services will be digital by default**
We plan to take advantage of digital technologies to transform the way services are accessed by our customers

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

With a strong internal focus on value for money at all levels, we will be improving our finances by taking effective and timely actions to make better budget and management decisions.

It is exciting to look forward and know that we will be making a huge difference to our customers over the course of this strategy, through developing places that our customers want to live in, offering services that are second to none and creating and sustaining truly thriving communities.

Future financial performance

While we look forward with a new Corporate Strategy, one of our key objectives is to continue to drive financial efficiency and strength. Whilst we strive for growth we will not lose focus on protecting the financial heart of what we are built on.

Our aim is to continue to drive improvements in the operating margin of our core business. The target is to improve operating margins by 0.5% per annum. This will be driven by a rolling process of evaluating the return driven by all business activities to ensure we fully understand the effectiveness of each and every pound invested in all the activities we undertake.

This does not imply that the monies will all be banked. The aim is to make sure we make best use of cashable savings, including developing our wellbeing agenda.

At the same time we will continue to maintain a strong focus on the key balance sheet metrics, such as interest cover and gearing levels, which reflect the current stability of the organisation, as well as maintain and monitor sufficient headroom to allow for the impact of unseen or uncontrollable economic factors around us. Our targets are shown in the following table.

Operating and financial review

Forecast targets

Budget year	2015-16	2016-17	2017-18	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25
Surplus (£m)	42.2	54.0	45.4	57.7	49.3	52.8	64.5	133.6	171.0	138.3
Operation margin (%)	29%	31%	31%	33%	33%	34%	36%	33%	40%	29%
EBITDA MRI	102%	90%	88%	95%	101%	97%	104%	104%	107%	106%
2012-15 Financial framework	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
2012-15 Financial Strategy target	120%	120%	120%	120%	120%	120%	120%	120%	120%	120%
EBITDA MRI sales										
2012-15 Financial framework	149%	148%	128%	138%	132%	131%	144%	201%	242%	215%
2012-15 Financial Strategy target	110%	110%	110%	110%	110%	110%	110%	110%	110%	110%
Gearing	47%	49%	52%	53%	55%	57%	58%	56%	52%	50%
2012-15 Financial covenants	65%	65%	65%	65%	65%	65%	65%	65%	65%	65%
2012-15 Financial Strategy target	55%	55%	55%	55%	55%	55%	55%	55%	55%	55%
Interest cover	144%	145%	117%	130%	129%	124%	143%	199%	239%	214%
Internal GHA target	125%	125%	125%	125%	125%	125%	125%	125%	125%	125%
Funders covenant	110%	110%	110%	110%	110%	110%	110%	110%	110%	110%



Neil Hadden
Chief Executive

Report of the Board

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

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. 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 judgments 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 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 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.

Corporate governance

The Board

The Board comprises seven non-executive members and two co-opted executive members, the Chief Executive and the Executive Director of Resources. All Board members have the same legal status and share responsibility equally for decisions taken. The role of non-executive members is to constructively challenge the Executive Team and monitor delivery of the Corporate Strategy within the framework agreed by the Board.

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. In line with best practice, 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 terms. The Board is committed to recruiting members from diverse backgrounds and recognises the value in appointing members with different perspectives, skills and knowledge.

The Board has opted to pay its Members in order to assist it in attracting the right talent. In so doing, it remains cognisant of Genesis' charitable status and of the need to make sure that its resources are directed towards the furtherance of its social aims. Member remuneration is fully disclosed on a named basis in the Financial Statements.

All Members of the Board are required to formally declare any interests that they may have (either pecuniary or otherwise), which may result in actual or perceived bias.

Governance framework and scheme of delegations

The Board is responsible for the effective governance of Genesis. Matters specifically reserved for decision by the Board include determining the organisation's vision, mission and values. The Board also has responsibility for

satisfying itself as to the integrity of financial information and establishing and overseeing a framework for the identification, management and reporting of risk in order to safeguard the assets of the organisation. Key areas of the Board's work this year included scrutinising management's approach to improving customer satisfaction and developing the 2015-20 Corporate Strategy.

The Board delegates its responsibility for the day-to-day management and leadership Association to the Chief Executive, supported by the Executive Team. The Board also delegates certain oversight functions to committees and subsidiary boards within the Association's structure. The parameters of this authority are set out within a formal scheme of delegation which is reviewed by the Board annually.

Four sub-committees / subsidiary boards operated during the reporting period. Their remit and key areas of activity were:

i. GenInvest Ltd (trading as GenHomes)

The GenInvest Board oversaw delivery of the 2014/15 development programme and management of the asset portfolio. The programme delivered 932 homes and achieved a sales surplus of £30.7m. Full details of performance during 2014/15 are set out in Operating and Financial Review. The GenInvest Board also steered development of a revised set of investment criteria which will be used to appraise future capital schemes. This methodology was approved by the Group Board in April 2015.

ii. Audit and Risk Committee

The Audit Committee reviewed the internal control and risk management framework and the governance of the internal and external audit processes. The Committee received regular reports on internal audit findings, financial reporting, risk management and insurance. The Committee also agreed the Internal Audit Plan for the year, scrutinised the financial statements for 2014/15 and agreed Genesis' approach to operational and strategic risk management.

iii. Remuneration Committee

The Committee ensured that remuneration arrangements supported the strategic aims of the business and enabled the recruitment, motivation and retention of senior executives whilst also complying with regulatory requirements.

iv. GenFinance Ltd

The GenFinance Board acted as Genesis' treasury and loans subsidiary during the year. Its work included scrutinising arrangements for the establishment of the LinQ investment vehicle, reviewing and evaluating the Treasury Strategy and scrutinising the Long-Term Financial Plan 2015/6. The Plan was approved by the Genesis Board in May 2015.

Governance Structure Review

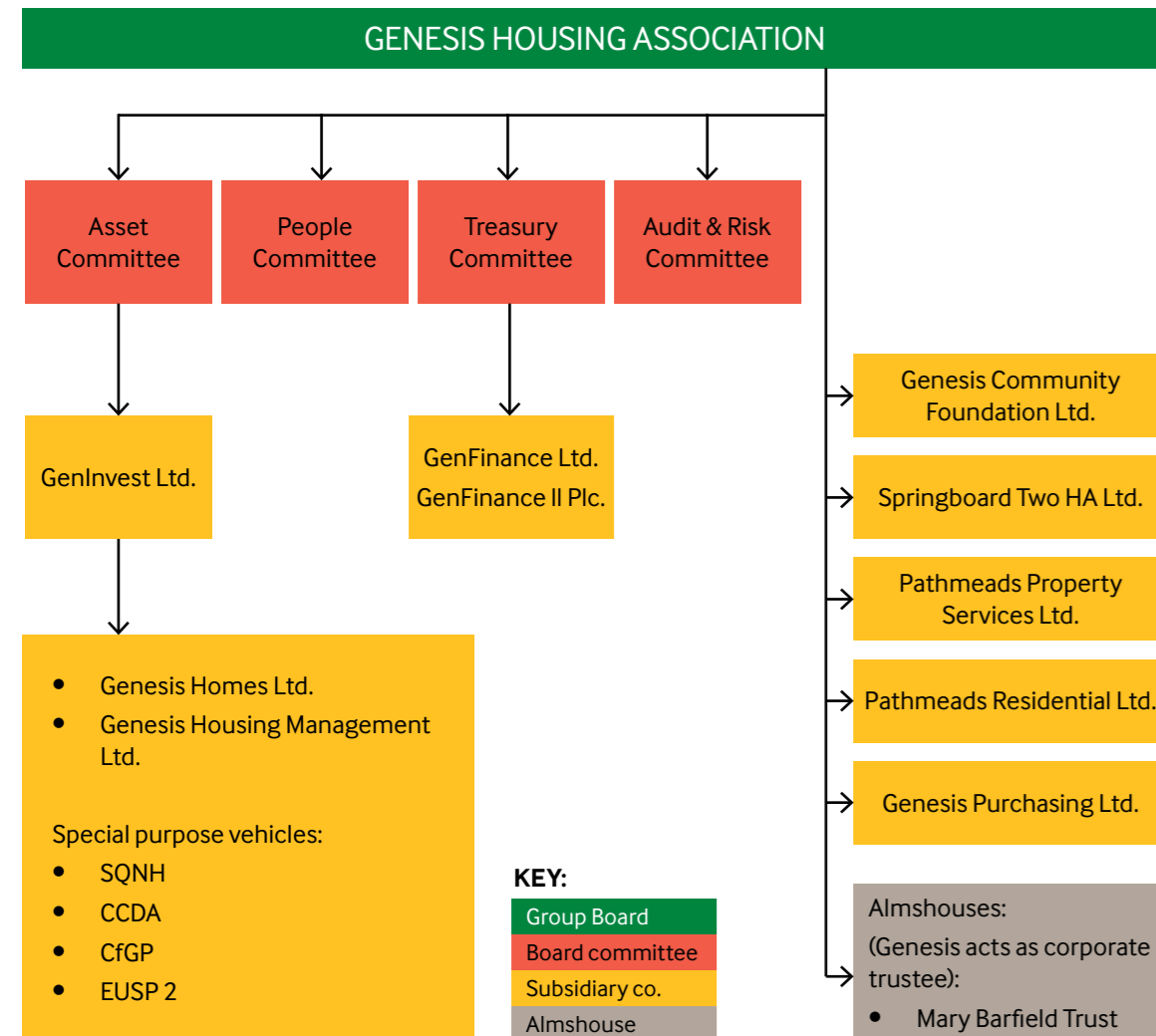
This year a formal review of our governance structure was carried out to make sure that it remained fit-for-purpose. Emphasis was placed on whether the structure continued to provide the Board with sufficient oversight of key

business activity given the future strategic direction of the Group and changes to the external operating environment. The review also gave detailed consideration to the most effective structures to support customer involvement and accountability.

As a result of the review the majority of functions previously carried out by subsidiary boards have been subsumed within the Association parent as illustrated. A revised customer engagement and scrutiny structure has also been developed and approved by the Board.

Report of the Board

Genesis Housing Association structure, 1 April 2015



The objectives of the Board sub-committees under these new governance arrangements are:

i. Asset Committee
 The Asset Committee will oversee the delivery and monitoring of agreed annual programmes relating to new development schemes, regeneration projects, sales programmes, asset management plans and disposals programmes.

ii. Audit and Risk Committee
 The Audit and Risk Committee will continue to monitor and review Genesis' financial reporting arrangements, the effectiveness of the internal control and risk management framework, fraud and whistleblowing arrangements, and internal and external audit programmes.

iii. People Committee
 The People Committee will oversee the development and implementation of an effective People and Organisation Development Strategy to facilitate delivery of an engaged, skilled and productive workforce at all levels in the organisation. The Committee also takes on the responsibilities of the Remuneration Committee including with regard to appraisal of the Chief Executive's performance and the setting of Executive salaries.

iv. Treasury Committee
 The Treasury Committee takes over responsibility for group financing and treasury activity from the GenFinance Board. As part of this transition, all but one of the group's existing loan facilities have been successfully novated to the group parent.

Terms of reference for the new Committees were approved by the Board in March 2015 and will be reviewed annually to ensure that they remain fit for purpose. Each Committee will report regularly to the Board on the discharge of its function.

Customer Accountability

The review of our approach to customer involvement and accountability has led us to revise and significantly strengthen the ways in which we engage with our customers. Customer participation, scrutiny and feedback are now achieved through scrutiny and consultative panels, local resident and topic-focused groups and resident inspections.

Key improvements flowing from the review included a Customer Involvement Strategy. This has been developed through extensive consultation with our residents about what means the most to them and where we can best improve our services. The strategy was approved by the Board in January 2015 and sets out how we will transform the role that customers play in shaping and scrutinising services across a wide range of involvement opportunities. The key features of the new Strategy include:

- A restructure of our four Regional Committees to align with our regional management structure. Each Committee now has a single point of accountability for services, performance and customer engagement in their region. The Committees have each set objectives for 2015/16 geared towards ensuring improved service standards for customers
- A revised Terms of Reference for the Customer Scrutiny Panel to enable it to undertake reviews of key service areas. The Panel has recently completed its first review of service charges which was presented to the Board and Executive Team in May 2015. Work has already started to implement the recommendations in their report

- Establishing a new Care and Support committee, membership of which reflects the profile of our care and support customers. All members have completed a training needs analysis and will receive a learning and support plan to help them in their role. The Committee met in March 2015 to set their priorities for the year ahead.

Board and Committee Effectiveness

In line with best practice, the Board and its sub-committees and subsidiaries each carry out an annual review of their performance. The evaluation is externally facilitated at least once every three years and in 2014 was carried out by Campbell Tickell Ltd.

The work identified a number of key strengths, including the cohesiveness of the Board and its effective relationship with the Executive. It also identified areas where performance could be further strengthened. Recommendations and actions taken to date include:

- Reviewing the governance framework to ensure sufficient Board oversight: the governance review formed a substantial part of the Board's work during the year and the outcomes are set out in this report
- Refining performance data and board agendas and papers as a whole in order to create a step change in providing the right information for the Board, working with members to agree key indicators and data: a forward agenda is now in place for Board meetings and a revised scorecard, supporting the new Corporate Strategy, was presented for comment to the May 2015 Board meeting

- The appointment from existing Board members of a new senior non-executive director: David Turner was appointed to the role shortly after the review took place.

In line with best practice we will continue to publish key actions taken as a result of the Board evaluation process in future reports.

Report of the Board

Board and Committee Attendance

The attendance of members at Board, committee and subsidiary board meetings during 2014/15 is set out below.

	GHA Board	Geninvest Ltd.	GenFinance Ltd.	Audit & Risk Committee	Remuneration Committee (9)	People Committee (10)	Genesis Community Foundation
NO. OF MEETINGS	9	8	5	4	2	1	3
GHA Board Members							
Charles Gurassa	9	-	-	-	2	-	-
Neil Hadden	9	8	5	-	-	-	2
Brian Ansell (4)	2	-	-	-	-	-	-
Bruce Mew (1)	3	-	3	2	-	-	-
Colette O'Shea	7	7	-	-	-	-	-
David Turner	9	8	-	3	-	1	-
Elizabeth Froude	9	7	5	-	-	-	2
Eugenie Turton	9	-	-	3	2	1	-
Imani Douglas-Walker	7	-	-	-	-	-	3
Rolande Anderson (5)	3	-	-	-	1	-	-
Stephen East	7	-	4	4	1	-	-
Committee and Subsidiary Board Members							
Colin Allies (9)	-	-	-	-	-	-	2
Denis Argent (7)	-	-	-	2	-	-	-
Gerald Balabanoff (6)	-	3	-	-	-	-	-
Glenn Beatham	-	-	5	-	-	-	-
Ian Agnew (3)	-	-	-	-	-	-	1
John Carleton	-	7	-	-	-	-	-
Myra Barnes	-	7	-	-	-	-	-
Nicholas Feaviour	-	-	5	-	-	-	-
Peter Coleman (2)	-	4	-	-	-	-	-
Professor Peter Roberts	-	4	-	-	-	-	1

NOTES

- | | | |
|----------------------------------|------------------------------|--|
| 1. Appointed on 29 July 2014 | 5. Tenure ended 29 July 2014 | 9. The Remuneration Committee met for the last time on 25 November 2014. Its role is now carried out by the People Committee |
| 2. Appointed on 29 July 2014 | 6. Tenure ended 15 July 2014 | 10. The people Committee met for the first time on 5 March 2015. |
| 3. Appointed on 29 July 2014 | 7. Tenure ended 07 July 2014 | |
| 4. Tenure ended 25 November 2014 | 8. Tenure ended 24 July 2014 | |

Risk management

Genesis has developed a comprehensive risk identification, assessment, management and escalation framework at strategic and operational levels. Our approach has been scrutinised by the Audit and Risk Committee during 2014/15 which confirmed that management's approach identifies key risks, and that mitigating actions are appropriately focused and implemented so as to support delivery of Genesis' strategic objectives.

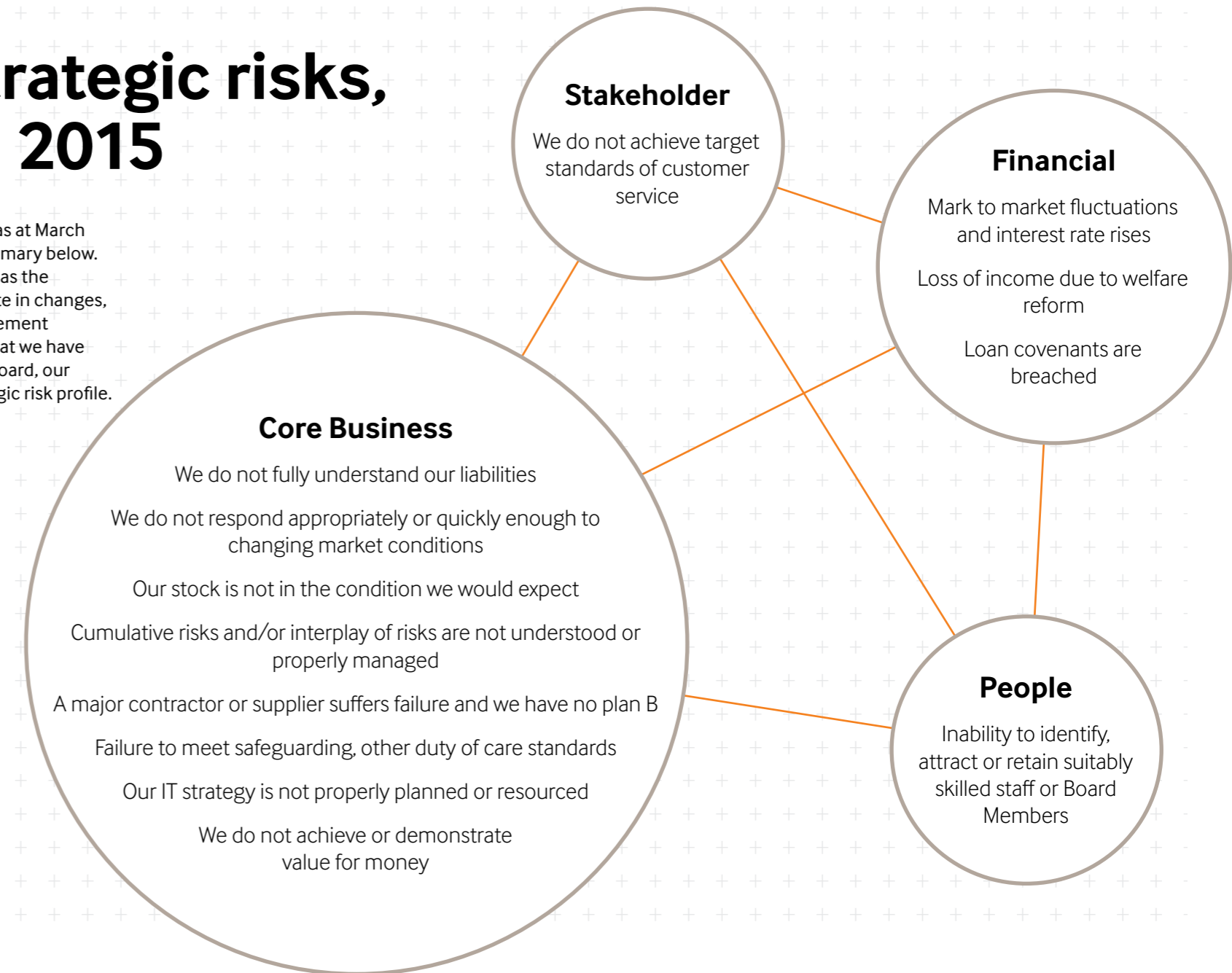
Strategic risks are identified by the Executive and then reviewed first by the Audit and Risk Committee and subsequently by the Board to ensure that the identified risks are those that would prevent the achievement of corporate objectives. The year-end key strategic risks, set out below, take account of our new strategy, the economic, political, social and regulatory environment in which we operate, sector risks and key risks identified by the HCA.

During the year we conducted a review of all our operational risks. We began the year with four operational risk registers - one for each Executive Directorate. We considered that these were too unwieldy to easily revise and the approach did not sufficiently embed risk management actions within individual team operations. Since then, we have revised the system so that risks are identified and managed at a directorate level. All directorates have reviewed their risks and mitigation controls and there are now 15 operational risk registers, one for each directorate. These will be revised on a quarterly basis, facilitated by the risk specialists within the Business Assurance team.

Our risk strategy, including our overall approach to risk management and the Board's risk appetite, will be reviewed in detail in 2015/16.

Key strategic risks, March 2015

Our key strategic risks as at March 2015 are set out in summary below. These risks will change as the environment we operate in changes, but our live risk management approach will ensure that we have and can report to our Board, our most up-to-date strategic risk profile.



Report of the Board

Internal Control

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

The Board 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 Framework 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.

As well as day-to-day management/system controls we have a range of more formal assurance systems. In addition to our outsourced internal audit function, we have:

- an Audit and Risk Clinic (ARC) comprising the Executive Team which meets before each Audit and Risk Committee meeting. This provides an opportunity for the Executive Team to consider the outcomes of internal audit reports and other papers relating to the internal control environment at Genesis
- an in-house Business Assurance Team – as well as supporting the business in its approach to risk, the team also conducts reviews into whether processes are being properly followed. Historically, the team's reports have only been considered by the business area to which they relate. From early 2015/16, the reports will also be reviewed by the ARC and the Audit and Risk Committee
- an in-house Health and Safety team – they work with the business, residents and other stakeholders to ensure, as far as is practical, safe working arrangements and effective management of key hazards (fire, legionella, electrical and mechanical safety). Regular reports are submitted to the Executive Team and the Genesis Board
- a system of quarterly Executive Assurance Statements where any control breaches or other issues with internal controls are recorded and remedial actions identified. These statements are reviewed by the Audit and Risk Committee
- an annual compliance statement which is reported to the Board to provide assurance over compliance with key statutory and policy requirements. Systems of

quarterly Executive Assurance Statements where any control breaches or other issues with internal controls are recorded and remedial actions identified.

As part of our commitment to continuous improvement we will review and re-develop our assurance framework early in 2015/16.

Internal Audit

Genesis' internal auditors (BDO LLP) assess 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. Key areas reviewed in 2014/15 included Data Protection; Insurance; ITGC and IT Security; Treasury Management; Allocations and Lettings; Rents and Service Charges; Gas Safety and; Corporate Governance.

Systems design ratings improved over the course of the year from mainly 'limited' in the first six months to 'moderate' and 'substantial' in the latter six months. The ratings for operating effectiveness have been consistently either moderate or substantial. Progress in delivering remedial management actions is monitored by the Audit and Risk Committee. It receives all internal audit reports and updates on delivering recommendations arising from them are provided to each committee meeting. The high priority recommendations have all been delivered to schedule.

The internal audit plan for 2015/16 has been constructed around key strategic and operational risk areas.

Fraud and Whistleblowing

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. The policy is reviewed annually by the Audit and Risk Committee. The Board values its reputation and is committed to maintaining the highest possible ethical standards in all its business activities. 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. The policy is reviewed annually by the Audit and Risk Committee.

Effectiveness of the Internal Control Framework

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.

National Housing Federation (NHF) Code of Governance

The Board has complied with the 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 most appropriate for it to measure itself against.

People

Employee Engagement

Genesis is committed to being a good employer and strives to recruit, retain and develop the best staff who share our passion to deliver customer excellence. We believe in empowering our staff to influence how we achieve our corporate objectives. We have a number of initiatives in place to help us achieve this:

- the Genesis Staff Forum meets regularly to discuss matters that impact upon staff and their working environment.
- twice yearly Executive Roadshows where staff can engage directly with the Executive Team and challenge and feedback on how Genesis is run and how improvements can be made.

- the Employee Engagement Action Group, comprising staff from across Genesis, has oversight of organisation-wide initiatives, including making sure that the conclusions and views of the Employee Engagement Survey are completed and actioned, where appropriate
- the annual Staff Conference provides an opportunity for staff to get together, celebrate our successes and hear about what the year ahead holds and the part all colleagues are expected to play in delivering our new Corporate Strategy.

This year we conducted the third Genesis Employee Engagement Survey.

The survey was completed by 954 employees, representing a response rate of 74% - which represents a significant increase on 2013 (where the response rate was 62%).

The overall engagement score was 67%, which again was a big increase on 2013 (49%) and well above the national average. There were also some very positive results regarding our approach to customer service and the Genesis values, with scores above 90%.

The survey identified three key areas where employees felt there was scope for further improvement: reward and recognition, new ways of working and visibility of the senior management team. Work is already underway to address these areas as part of the HR implementation plan.

Report of the Board

Genesis was revalidated by Investors in People (IiP). Notably, the assessment noted a marked improvement in the learning and development offer and greater employee engagement.

Actions from both the survey and IiP report will be overseen by the Employee Engagement Action Group and People Committee.

Diversity and Inclusion

Genesis prides itself on its commitment to diversity and inclusion. We aim to create an environment where everyone can perform at their very best and work in partnership with our customers to create and deliver services that meet their needs.

A Diversity and Inclusion Strategy is in place and progress against it is monitored by the People Committee. The Strategy is aimed at helping us get our services right first time, improving efficiency and supporting our efforts to build inclusive communities.

Genesis has established itself as a leader in its approach to diversity and inclusion. Our various accolades include placing in the Times Top 50 Places for Women to Work and Stonewall's Top 100 Workplace Equality Index, and being nominated for a National Business Award for leadership on Diversity.

We continue to work in partnership to further embed and celebrate our proud history of diversity both across the business and within our wider communities with residents, staff and stakeholders. Highlights during the reporting period include:

- we worked with the charity Stonewall to launch 'HouseProud'. This brings together housing associations across London and the South East to share best practice for supporting LGBT residents and staff
- we worked with residents and MIND to deliver programmes on improving mental health awareness and wellbeing
- we provided training to staff, and building alterations for residents, in order to improve our service to hearing-impaired customers
- we launched a programme to help encourage customers with Asperger's and Autism to undertake volunteering and explore employment options
- our Disability Forum has continued work with residents with physical disabilities. In particular, we have developed gardening programmes aimed at vulnerable or socially isolated residents
- the Connect Resident Employment Programme is also gaining great results on the levels of BME residents that are gaining employment both within Genesis and with external employers
- opening up improved pathways into employment and volunteering for older residents in partnership with Open Age.

Health, Safety and Environment

Health and Safety

Genesis is committed to providing a healthy and safe environment for our customers, staff and visitors. A dedicated Health and Safety team is engaged to deliver year-on-year improvements in health and safety standards. During the year three Fire Safety Officers joined the team to support compliance in relation to fire safety standards. A new health, safety and environmental management system comprising comprehensive policies and procedures was also completed and published.

The Genesis health and safety system achieved the RoSPA Health and Safety award at Gold Level for the fifth year running, resulting in the award of a Gold Medal.

Environmental awareness

Genesis is committed to providing a service which is compliant with environmental standards and seeks to minimise our environmental impact. A robust environmental management system is now in place through which to drive further improvements.

Genesis has committed to significantly improving our environmental performance through a dedicated programme until 2020. This is an integral part of the organisation's Corporate Social Responsibility strategy and is supported by the Environmental Policy Statement 2015. During the course of the coming year, a dedicated

cross-organisational team - supported by consultations with residents - will produce a detailed action plan to realise improvements in:

- 'greening' our resident offer and reducing fuel poverty
- providing greener homes (across both new and existing stock)
- making sure our business approach is as environmentally sustainable as possible
- measuring, reporting and benchmarking.

At the end of 2014 Genesis underwent a detailed benchmarking exercise (carried out by an external organisation called SHIFT) and achieved the Silver Standard for environmental sustainability and impact. This compared our environmental performance with 75 other Registered Providers, the results of which form the basis of a new action plan and push towards higher environmental performance. Following on from the award of Silver status, Genesis has set itself the ambitious targets of meeting SHIFT Gold Standard by 2016 and Platinum by 2020.

Political and charitable contributions

During the year, Genesis Community Foundation, which invites applications from organisations seeking to improve the lives of Genesis residents, awarded grant funding of £235,732.31.

These awards benefit Genesis residents and look to improve lives, enhance wellbeing and are an absolutely fundamental part of our Corporate Social Responsibility activities.

Genesis made no contributions to political parties nor incurred any political expenditure during the year (2013/14: £nil).

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 of information to auditor

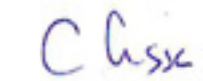
In so far as each member of the Board is aware:

- 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

A resolution to reappoint KPMG LLP as external auditor will be proposed at the Annual General Meeting of Genesis Housing Association Limited to be held on 28 July 2015.

By order of the Board



12 July 2015

Charles Gurassa
Chair

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

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

We have audited the financial statements of Genesis Housing Association Limited for the year ended 31st March 2015 set out on pages 37 to 92. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

This report is made solely to the association's members, as a body, in accordance with section 128 of the Housing and Regeneration Act 2008 and section 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 auditor

As more fully explained in the Statement of Board's Responsibilities set out on page 26, the association's Board is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and

Ireland). Those standards require us to comply with the Auditing Practices Board's 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view, in accordance with UK Generally Accepted Accounting Practice, of the state of affairs of the group and the association as at 31st March 2015 and of the surplus of the group and the association for the year then ended;
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been properly prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2012.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 requires us

to report to you if, in our opinion:

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



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

Chartered Accountants
Arlington Business Park
Theale
Reading
RG7 4SD

13 July 2015

Income and expenditure account

Year ended 31 March 2015

	Note	2015 Group £m	2014 Group £m	2015 Association £m	2014 Association £m
Turnover	2,3	281.9	264.9	274.3	261.2
Cost of sales	2,3	(32.0)	(19.0)	(25.0)	(16.5)
Gross surplus		249.9	245.9	249.3	244.7
Operating costs	2,3	(180.0)	(183.9)	(178.2)	(182.8)
Impairment	2	(0.3)	2.6	(0.3)	1.6
Operating surplus		69.6	64.6	70.8	63.5
Surplus on sale of properties:	7	26.7	28.8	26.7	28.5
Net interest payable and similar charges	8d	(59.8)	(53.3)	(59.8)	(53.3)
Gift aid donation received		-	-	-	0.4
Surplus on ordinary activities before taxation	4	36.5	40.1	37.7	39.1
Tax on surplus on ordinary activities	9	(0.2)	0.4	(0.1)	0.4
Surplus for the financial year		36.3	40.5	37.6	39.5

All amounts relate to continuing activities.

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

The notes on pages 42 to 92 form part of the financial statements.

Balance sheet

At 31 March 2015

	Note	2015 Group £m	2014 Group £m	2015 Association £m	2014 Association £m
Fixed assets					
Tangible assets:	10				
Housing properties at cost		2,909.1	2,835.9	2,894.0	2,816.5
Less: Social housing grants and other grants		(1,214.8)	(1,216.5)	(1,214.8)	(1,216.5)
Less: Depreciation		(89.8)	(79.3)	(83.2)	(72.7)
		1,604.5	1,540.1	1,596.0	1,527.3
Investments:	11				
Investments in subsidiaries		-	-	0.9	0.9
Property held as investments	11	23.1	21.4	17.0	17.6
Listed investments at market value		2.7	2.7	-	-
Other tangible assets	12	28.3	17.2	28.3	17.1
		1,658.6	1,581.4	1,642.2	1,562.9
Current assets					
Housing properties, stock for sale and work in progress	13	146.5	75.3	101.5	65.7
Debtors receivable within one year	14	54.4	68.3	154.4	71.7
Debtors receivable after more than one year	14	2.1	2.6	2.1	29.9
Investments	15	36.0	26.5	36.0	26.5
Cash at bank and in hand		86.6	75.4	80.0	65.3
		325.6	248.1	374.0	259.1
Creditors: amounts falling due within one year	16	(80.0)	(84.5)	(112.1)	(78.3)
Net current assets		245.6	163.6	261.9	180.8
Total assets less current liabilities		1,904.2	1,745.0	1,904.1	1,743.7

	Note	2015 Group £m	2014 Group £m	2015 Association £m	2014 Association £m
Creditors: amounts falling due after more than one year	17	(1,556.2)	(1,431.8)	(1,557.1)	(1,432.8)
Provision for liabilities	18	(1.8)	(2.2)	(1.8)	(2.2)
Net assets excluding pension liabilities		346.2	311.0	345.2	308.7
Pension liabilities	23	(19.8)	(8.8)	(19.8)	(8.8)
Net assets including pension liabilities		326.4	302.2	325.4	299.9
Reserves					
Restricted reserves	19	3.1	2.9	0.2	0.2
Revenue reserve	19	319.3	295.4	321.2	295.8
Revaluation reserve	19	4.0	3.9	4.0	3.9
		326.4	302.2	325.4	299.9

The notes on pages 42 to 92 form part of the financial statements.

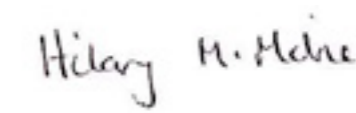
These financial statements were approved by the board of directors and were signed on its behalf on 8 July 2015 by:



Charles Gurassa
Chair



Neil Hadden
Director



Hilary Milne
Company Secretary

Consolidated cash flow statement

Year ended 31 March 2015

	Note	2015 £m	2014 £m
Reconciliation of operating surplus to net cash flow from operating activities			
Operating surplus	2	69.6	64.6
Depreciation charges and impairment		12.8	11.3
(Increase)/decrease in stocks		(45.8)	(7.4)
(Increase)/decrease in debtors		15.4	(12.4)
Increase/(decrease) in creditors		(9.7)	14.5
(Decrease) in provisions		(0.4)	(0.5)
Adjustment for non-cash items		(1.6)	(3.4)
Net cash inflow from operating activities		40.3	66.7
Cash flow statement			
Cash flow from operating activities		40.3	66.7
Returns on investments and servicing of finance	24	(67.3)	(65.1)
Capital expenditure and financial investment (net)	24	(71.8)	(53.7)
Cash outflow/(inflow) before management of liquid resources and financing		(98.8)	(52.1)
Management of liquid resources	24	(9.5)	8.7
Financing	24	119.5	(10.8)
(Decrease)/Increase in cash in the period		11.2	(54.2)
Reconciliation of net cash flow to movement in net debt			
(Decrease)/Increase in cash in the period		11.2	(54.2)
Cash used to (decrease)/increase liquid resources		9.5	(8.7)
Net change in borrowing		(119.5)	10.8
Movement in net debt in the period		(98.8)	(52.1)
Net debt at the start of the period		(1,306.2)	(1,254.1)
Net debt at the end of the period		(1,405.0)	(1,306.2)

The notes on pages 42 to 92 form part of the financial statements.

Statement of total recognised surpluses and deficits

Year ended 31 March 2015

	2015 Group £m	2014 Group £m	2015 Association £m	2014 Association £m
Surplus for the financial year	36.5	40.5	37.7	39.5
Actuarial (loss) recognised in pension schemes	(12.2)	(1.2)	(12.2)	(1.2)
Revaluations in the year	0.1	3.9	0.1	3.9
Total recognised surpluses and deficits relating to the financial year	24.4	43.2	25.6	42.2

The notes on pages 42 to 92 form part of the financial statements.

Notes (forming part of the financial statement)

1. Accounting policies

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

Basis of preparation

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

Basis of consolidation

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

over its estimated economic life. Provision is made for impairment where appropriate.

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

Investments

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

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

Listed investments are stated at their market value.

Investment properties are held for long-term investment and are included in the balance sheet at their open market values. The surpluses or deficits on annual revaluation of such properties are transferred to the revaluation reserve. If a deficit exceeds previous surpluses arising on a particular property, the excess is charged to the profit and loss account, unless it is regarded as being temporary in which case it is disclosed in the statement of total recognised gains and losses. In the year of sale, a surplus or deficit is recognised in the year's Income and Expenditure Account based upon the difference between net sale proceeds and the property valuation at the previous year-end. Depreciation is not provided in respect

of freehold investment properties.

Fixed assets and depreciation

Housing properties

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

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

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

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

Notes

value is recognised in turnover.

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

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

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

Depreciation and impairment

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

Housing properties held for letting

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

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

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

Low cost home ownership housing properties and staircasing

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

Low cost home ownership properties are split proportionately between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover. The remaining element, "staircasing element", is classed as a fixed asset and included in completed housing property at cost less social housing grant ("SHG") and any provision for impairment. Sales of subsequent tranches

are treated as a part disposal of a fixed asset. Such staircasing sales may result in capital grant being deferred or abated and any abatement is credited in the sale account in arriving at the surplus or deficit.

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

Social housing grant (SHG)

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

Recycled Capital Grant Fund

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

Notes

1. Accounting policies (continued)

due within one year”.

Other fixed assets and depreciation

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

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

No depreciation is provided on freehold land.

Supported housing schemes

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

Service charges

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

amounts chargeable.

Management of units owned by others

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

Schemes managed by agents

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

Leases

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

Post-retirement benefits

The Group participates in four pension schemes.

Defined benefit schemes

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

The pension surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating

charges and finance items which are recognised in the Income and Expenditure Account and, in the statement of total recognised surpluses and deficits, actuarial gains and losses.

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

Money purchase scheme

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

Housing properties, stock for sale and work in progress

Housing properties, stock for sale and work in progress are stated at the lower of cost and net realisable value. Cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Long term contracts

The amount of profit attributable to the stage of

Notes

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

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

Provisions

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

Taxation

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

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

items for taxation and accounting purposes.

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

Cash and liquid resources

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

Financial instruments

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

Turnover

Turnover represents rental income, service charge

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

Interest payable

Interest payable is charged to the Income and Expenditure Account as it is incurred; issue costs and premiums are written off over the course of the loans.

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

Notes

2. Turnover, operating costs and operating surplus

Group	2015					2014				
	Turnover	Cost of sales	Impairment	Other operating costs	Operating surplus/(deficit)	Turnover	Cost of sales	Impairment	Other operating costs	Operating surplus/(deficit)
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Social housing lettings										
General needs	112.2	-	-	(59.0)	53.2	105.6	-	-	(63.4)	42.2
Temporary housing	57.5	-	-	(55.7)	1.8	61.7	-	-	(60.5)	1.2
Supported housing	33.5	-	-	(30.2)	3.3	40.2	-	-	(38.5)	1.7
Low cost home ownership	22.8	-	-	(15.7)	7.1	24.3	-	-	(14.4)	9.9
Key worker accommodation (NHS)	8.9	-	-	(5.7)	3.2	9.2	-	-	(6.1)	3.1
	234.9	-	-	(166.3)	68.6	241.0	-	-	(182.9)	58.1
Other social housing activities										
First tranche sales	22.2	(18.9)	-	-	3.3	12.6	(10.3)	-	-	2.3
Development administration	-	-	-	-	-	-	-	-	(0.8)	(0.8)
Outright sales	13.8	(13.1)	-	-	0.7	9.2	(8.7)	-	-	0.5
Other activities	0.9	-	(0.3)	-	0.6	-	-	4.6	-	4.6
	271.8	(32.0)	(0.3)	(166.3)	73.2	262.8	(19.0)	4.6	(183.7)	64.7
Memo only										
Non-social housing activities	10.1	-	-	(13.7)	(3.6)	2.1	-	(2.0)	(0.2)	(0.1)
	281.9	(32.0)	(0.3)	(180.0)	69.6	264.9	(19.0)	2.6	(183.9)	64.6

Notes

Association	2015					2014				
	Turnover	Cost of sales	Impairment	Other operating costs	Operating surplus/(deficit)	Turnover	Cost of sales	Impairment	Other operating costs	Operating surplus/(deficit)
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Social housing lettings										
General needs	112.1	-	-	(61.8)	50.3	105.5	-	-	(62.7)	42.8
Temporary housing	57.6	-	-	(57.6)	-	61.7	-	-	(60.2)	1.5
Supported housing	33.5	-	-	(30.7)	2.8	40.2	-	-	(38.4)	1.8
Low cost home ownership	22.8	-	-	(16.3)	6.5	24.3	-	-	(14.3)	10.0
Key worker accommodation (NHS)	8.9	-	-	(5.9)	3.0	9.2	-	-	(6.1)	3.1
	234.9	-	-	(172.3)	62.6	240.9	-	-	(181.7)	59.2
Other social housing activities										
First tranche sales	22.3	(19.0)	-	-	3.3	12.6	(10.3)	-	-	2.3
Development administration	-	-	-	(0.1)	(0.1)	-	-	-	(0.8)	(0.8)
Outright sales	6.7	(6.0)	-	-	0.7	6.6	(6.2)	-	-	0.4
Other activities	0.9	-	(0.3)	-	0.6	-	-	3.6	-	3.6
	264.8	(25.0)	(0.3)	(172.4)	67.1	260.1	(16.5)	3.6	(182.5)	64.7
Memo only										
Non-social housing activities	9.5	-	-	(5.8)	3.7	1.1	-	(2.0)	(0.3)	(1.2)
	274.3	(25.0)	(0.3)	(178.2)	70.8	261.2	(16.5)	1.6	(182.8)	63.5

Notes

3. Income and expenditure from social housing lettings

Group	General needs	Temporary housing	Supported housing	Low cost home ownership	Key worker accommodation (NHS)	2015 Total	2014 Total
	£m	£m	£m	£m	£m	£m	£m
Turnover from social housing lettings							
Rents receivable net of identifiable service charges	102.5	58.5	14.9	16.7	8.7	201.3	203.5
Service charge income	9.4	-	10.8	5.8	-	26.0	23.5
Gross rental income	111.9	58.5	25.7	22.5	8.7	227.3	227.0
Void losses	(1.1)	(1.9)	(1.0)	(0.2)	(0.2)	(4.4)	(4.3)
Net rental income	110.8	56.6	24.7	22.3	8.5	222.9	222.7
Management fee receivable	-	0.4	0.1	-	0.3	0.8	3.5
Supporting People	0.1	-	8.2	0.1	-	8.4	10.5
Grants from local authorities and other activities	0.1	0.2	0.2	-	-	0.5	1.0
Other income	1.2	0.3	0.3	0.4	0.1	2.3	3.3
Total turnover	112.2	57.5	33.5	22.8	8.9	234.9	241.0
Operating costs on social housing lettings							
Housing management	(28.7)	(5.9)	(7.4)	(10.0)	(4.0)	(56.0)	(56.4)
Care and support	-	-	(8.2)	-	-	(8.2)	(10.5)
Service charge costs	(8.4)	-	(10.8)	(4.9)	-	(24.1)	(23.5)
Routine maintenance	(5.0)	(0.8)	(1.6)	(0.1)	(0.4)	(7.9)	(16.1)
Planned maintenance	(4.5)	(0.1)	(0.5)	(0.2)	(0.2)	(5.5)	(6.1)
Major repairs expenditure	(0.2)	-	(0.1)	(0.3)	(0.2)	(0.8)	(1.0)
Rent losses from bad debts	(1.5)	(0.9)	-	(0.2)	-	(2.6)	(1.5)
Landlords rents	(1.4)	(48.0)	(0.2)	-	(0.1)	(49.7)	(55.3)
Property depreciation	(9.3)	-	(1.4)	-	(0.8)	(11.5)	(12.5)
Total operating costs	(59.0)	(55.7)	(30.2)	(15.7)	(5.7)	(166.3)	(182.9)
Operating surplus	53.2	1.8	3.3	7.1	3.2	68.6	58.1

Notes

Association	General needs	Temporary housing	Supported housing	Low cost home ownership	Key worker accommodation (NHS)	2015 Total	2014 Total
	£m	£m	£m	£m	£m	£m	£m
Turnover from social housing lettings							
Rents receivable net of identifiable service charges	102.5	58.6	14.9	16.7	8.7	201.4	203.5
Service charge income	9.4	-	10.8	5.8	-	26.0	23.5
Gross rental income	111.9	58.6	25.7	22.5	8.7	227.4	227.0
Void losses	(1.1)	(1.9)	(1.0)	(0.2)	(0.2)	(4.4)	(4.3)
Net rental income	110.8	56.7	24.7	22.3	8.5	223.0	222.7
Management fee receivable	-	0.4	0.1	-	0.3	0.8	3.5
Supporting People	0.1	-	8.2	0.1	-	8.4	10.5
Grants from local authorities and other activities	0.1	0.2	0.2	-	-	0.5	1.0
Other income	1.1	0.3	0.3	0.4	0.1	2.2	3.2
Total turnover	112.1	57.6	33.5	22.8	8.9	234.9	240.9
Operating costs on social housing lettings							
Housing management	(28.3)	(5.9)	(7.4)	(10.1)	(3.9)	(55.6)	(56.4)
Care and support	-	-	(8.2)	-	-	(8.2)	(10.5)
Service charge costs	(8.4)	-	(10.8)	(4.9)	-	(24.1)	(23.5)
Routine maintenance	(8.2)	(2.6)	(2.1)	(0.6)	(0.7)	(14.2)	(15.9)
Planned maintenance	(4.5)	(0.1)	(0.5)	(0.2)	(0.2)	(5.5)	(5.3)
Major repairs expenditure	(0.2)	-	(0.1)	(0.3)	(0.2)	(0.8)	(1.0)
Rent losses from bad debts	(1.5)	(0.9)	-	(0.2)	-	(2.6)	(1.2)
Landlords rents	(1.4)	(48.1)	(0.2)	-	(0.1)	(49.8)	(55.4)
Property depreciation	(9.3)	-	(1.4)	-	(0.8)	(11.5)	(12.5)
Total operating costs	(61.8)	(57.6)	(30.7)	(16.3)	(5.9)	(172.3)	(181.7)
Operating surplus	50.3	-	2.8	6.5	3.0	62.6	59.2

Notes

4. Notes to the Income and Expenditure Account

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

	2015 Group £m	2014 Group £m	2015 Association £m	2014 Association £m
Depreciation and other amounts written off tangible fixed assets:				
Owned	12.6	13.9	12.6	13.9
Net impairment (release)	0.3	(2.6)	0.3	(1.6)
Operating leases:				
Land and buildings – temporary housing	54.7	55.5	54.7	55.5
Land and buildings – offices	0.3	1.3	0.3	1.3
Hire of other assets	0.4	0.3	-	-

Auditor's remuneration

	2015 Group £000s	2014 Group £000s	2015 Association £000s	2014 Association £000s
Amounts receivable by the auditor and their associates in respect of:				
Audit of these financial statements, of consolidated financial statements and financial statements of subsidiaries pursuant to legislation	142	160	112	120
Other services relating to taxation	-	4	-	4
Other services	4	87	4	87

Notes

5. Employee information

The average number of full time equivalent employees were:

	2015 Group No.	2014 Group No.	2015 Association No.	2014 Association No.
Administration	312	260	281	238
Development	42	44	42	37
Housing management	386	457	310	362
Care and support	424	466	424	466
Community development and fundraising	30	32	30	5
	1,194	1,259	1,087	1,108

Staff costs for the above persons

	£m	£m	£m	£m
Wages and salaries	39.9	40.3	37.1	35.3
Social security costs	4.6	4.5	4.2	3.9
	44.5	44.8	41.3	39.2

Salary banding and range

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

Salary bands £000s	2015 Group No.	2014 Group No.
60 - 70	23	27
70 - 80	19	15
80 - 90	4	3
90 - 100	6	5
100 - 110	3	2
130 - 140	1	2
140 - 150	2	1
150 - 250	1	1
	59	56

Salary range

Lowest paid employee	£11,380
Highest paid employee	£208,788
Average salary per employee	£25,903

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

Notes

6. Directors' emoluments

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

	2015 £000s	2014 £000s
Non executive board members	95.9	76.0
Executives' emoluments (including pension contributions)	710.5	912.0
Compensation for loss of office (including pension contributions)	-	184.0
	806.4	1,172.0

Retirement benefits are accruing to the following number of directors under:

	2015 No.	2014 No.
Money purchase schemes	4	5

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

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

The Chief Executive was the highest paid director in 2014/15.

Notes

7. Surplus on sale of properties

Group	No. of units	2015 Sales value £m	2015 Cost of sales £m	2015 Surplus/ (deficit) £m	2014 Surplus/ (deficit) £m
Sales of previously rented properties	85	30.1	(5.0)	25.1	23.3
Sales to regeneration agencies/other RPs	34	2.1	(2.8)	(0.7)	2.1
Staircasing of shared ownership properties	236	34.2	(25.1)	9.1	3.8
Right to buy and right to acquire	12	2.7	(2.7)	-	-
Commercial	7	3.0	(9.8)	(6.8)	(0.4)
Surplus on sale	374	72.1	(45.4)	26.7	28.8

Association	No. of units	2015 Sales value £m	2015 Cost of sales £m	2015 Surplus/ (deficit) £m	2014 Surplus/ (deficit) £m
Sales of previously rented properties	85	30.1	(5.0)	25.1	23.3
Sales to regeneration agencies/other RPs	34	2.1	(2.8)	(0.7)	1.8
Staircasing of shared ownership properties	236	34.2	(25.1)	9.1	3.8
Right to buy and right to acquire	12	2.7	(2.7)	-	-
Commercial	7	3.0	(9.8)	(6.8)	(0.4)
Surplus on sale	374	72.1	(45.4)	26.7	28.5

Notes

8. Net interest payable and similar charges

a) Other interest receivable and similar income	2015 Group £m	2014 Group £m	2015 Association £m	2014 Association £m
Bank interest	0.4	0.7	0.4	0.7
Receivable from group undertakings	-	-	1.8	2.0
	0.4	0.7	2.2	2.7

b) Other finance costs	2015 Group £m	2014 Group £m	2015 Association £m	2014 Association £m
Expected return on pension scheme assets	2.9	2.7	2.9	2.7
Interest on pension scheme liabilities	(2.4)	(2.4)	(2.4)	(2.4)
	0.5	0.3	0.5	0.3

Notes

c) Interest payable and similar charges	2015 Group £m	2014 Group £m	2015 Association £m	2014 Association £m
On bank loans and overdrafts	(67.4)	(64.8)	(47.4)	(36.9)
Payable to group undertakings	-	-	(20.5)	(28.4)
Less capitalised interest (see below)	7.0	10.0	5.2	8.1
Amortisation of loan premium	1.1	1.8	0.9	1.6
Amortisation of loan arrangement costs	(1.4)	(1.3)	(0.7)	(0.7)
	(60.7)	(54.3)	(62.5)	(56.3)

Interest has been capitalised into tangible fixed assets at a rate of 4.59% (2014: 5.05%).

d) Net interest payable and similar charges	2015 Group £m	2014 Group £m	2015 Association £m	2014 Association £m
Other interest receivable and similar income	0.4	0.7	2.2	2.7
Other finance costs	0.5	0.3	0.5	0.3
Interest payable and similar charges	(60.7)	(54.3)	(62.5)	(56.3)
Net interest payable and similar charges	(59.8)	(53.3)	(59.8)	(53.3)

Notes

9. Taxation

Analysis of charge in period

	2015 Group £m	2014 Group £m	2015 Association £m	2014 Association £m
UK corporation tax				
Current tax on income for the period	0.2	(0.4)	0.1	(0.4)
Total current tax	0.2	(0.4)	0.1	(0.4)
Deferred tax (see note 14)				
Origination of timing differences	-	-	-	-
Total deferred tax	-	-	-	-
Tax on surplus on ordinary activities	0.2	(0.4)	0.1	(0.4)

Factors affecting the tax charge for the current period

	2015 Group £m	2014 Group £m	2015 Association £m	2014 Association £m
Current tax reconciliation				
Surplus on ordinary activities before taxation	36.5	40.1	37.7	39.1
Current tax at 21% (2014: 23%)	7.7	9.2	7.9	8.9
Expenses not deductible for tax purposes	0.4	(0.1)	-	-
Surplus recovered by charitable exemption	(7.8)	(8.9)	(7.8)	(8.9)
Utilisation of tax losses	(0.2)	(0.2)	-	-
Over provided in prior years	0.1	(0.4)	-	(0.4)
Other timing differences	-	(0.1)	-	-
Chargeable gain on disposal of property	-	0.1	-	-
	0.2	(0.4)	0.1	(0.4)

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

Notes

10. Tangible fixed assets

Group	Housing properties held for letting £m	Housing properties under construction £m	Low cost home ownership properties £m	Low cost home ownership properties under construction £m	Total £m
Cost					
At beginning of year	2,009.2	261.3	554.5	10.9	2,835.9
Additions – work done	41.2	19.0	44.7	37.4	142.3
Disposals	(9.2)	0.1	(28.1)	(6.0)	(43.2)
Transfer between asset classes	(0.6)	(27.4)	0.2	1.9	(25.9)
Properties completed	66.7	(66.7)	24.6	(24.6)	-
At end of year	2,107.3	186.3	595.9	19.6	2,909.1
Capital grant					
At beginning of year	983.8	80.2	146.9	5.6	1,216.5
Received during year	-	6.4	0.2	1.5	8.1
Disposals	(2.6)	(1.1)	(5.8)	(0.3)	(9.8)
Transfer on completion	16.3	(16.3)	2.1	(2.1)	-
At end of year	997.5	69.2	143.4	4.7	1,214.8
Depreciation and impairment					
At beginning of year	72.2	6.8	-	0.3	79.3
Depreciation charge	11.3	-	-	-	11.3
Net impairment (release)	(0.1)	-	-	-	(0.1)
On disposals	(0.7)	-	-	-	(0.7)
At end of year	82.7	6.8	-	0.3	89.8
Net book value					
At 31 March 2015	1,027.1	110.3	452.5	14.6	1,604.5
At 31 March 2014	953.2	174.3	407.6	5.0	1,540.1

Notes

10. Tangible fixed assets (continued)

Association	Housing properties held for letting	Housing properties under construction	Low cost home ownership properties	Low cost home ownership properties under construction	Total
	£m	£m	£m	£m	£m
Cost					
At beginning of year	2,015.7	237.5	554.5	8.8	2,816.5
Additions – work done	41.2	23.2	44.7	31.6	140.7
Disposals	(9.2)	-	(28.1)	-	(37.3)
Transfer between asset classes	(0.6)	(27.4)	0.2	1.9	(25.9)
Properties completed	66.7	(66.7)	24.6	(24.6)	-
At end of year	2,113.8	166.6	595.9	17.7	2,894.0
Capital grant					
At beginning of year	983.8	80.2	146.9	5.6	1,216.5
Received during year	-	6.4	0.2	1.5	8.1
Disposals	(2.6)	(1.1)	(5.8)	(0.3)	(9.8)
Transfer on completion	16.3	(16.3)	2.1	(2.1)	-
At end of year	997.5	69.2	143.4	4.7	1,214.8
Depreciation and impairment					
At beginning of year	72.2	0.2	-	0.3	72.7
Depreciation charge	11.3	-	-	-	11.3
Net impairment (release)	(0.1)	-	-	-	(0.1)
On disposals	(0.7)	-	-	-	(0.7)
At end of year	82.7	0.2	-	0.3	83.2
Net book value					
At 31 March 2015	1,033.6	97.2	452.5	12.7	1,596.0
At 31 March 2014	959.7	157.1	407.6	2.9	1,527.3

Notes

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

Housing properties have been subject to an impairment review. Value in use is based upon net present values, using a discount rate of 4.5% (2014: 4.5%) and an appraisal period of 60 years plus a terminal value. Properties are written down to the recoverable amount where there is evidence of impairment.

The net book value of land and buildings comprises:

	2015 Group £m	2014 Group £m	2015 Association £m	2014 Association £m
Freehold	1,550.5	1,486.1	1,542.0	1,473.3
Leasehold	54.0	54.0	54.0	54.0
	1,604.5	1,540.1	1,596.0	1,527.3

Capitalisation of major repairs

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

	2015 Group £m	2014 Group £m	2015 Association £m	2014 Association £m
Spend on major repairs on existing properties	12.0	10.9	12.0	10.9
Capitalised*	(11.2)	(9.9)	(11.2)	(9.9)
	0.8	1.0	0.8	1.0

(* components £9.8m, improvements £0.1m)

	2015 Group £m	2014 Group £m	2015 Association £m	2014 Association £m
Total amount of SHG receivable	1,214.8	1,216.5	1,214.8	1,216.5

Notes

11. Fixed assets investments

a) Subsidiary undertakings

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

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

*held indirectly

Notes

b) Associated undertakings

Participating interests	Country of incorporation	Principal activity	Class and percentage of shares held
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c) Cost and valuation

	2015 Group £m	2015 Association £m
Commercial properties		
At beginning of year	21.4	17.6
Additions	1.5	(0.8)
Transfers between asset classes	0.5	0.5
Net revaluations/impairments	(0.3)	(0.3)
Cost and valuation	23.1	17.0

The properties were valued as at 31 January 2014 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 Metrus Property Advisors.

d) Listed investments at market value

	2015 Group £m
At beginning of year	2.7
At end of year	2.7

Notes

12. Other fixed assets

Group	Freehold office premises	Office improvements	Motor vehicles	Furniture and computer equipment	Total
	£m	£m	£m	£m	£m
Cost					
At beginning of year	9.9	6.6	0.1	13.3	29.9
Additions	3.5	1.0	-	7.8	12.3
At end of year	13.4	7.6	0.1	21.1	42.2
Capital grant					
At beginning and end of year	1.3	-	-	-	1.3
Depreciation					
At beginning of year	2.2	2.4	0.1	6.7	11.4
Charge for year	0.1	0.2	-	0.9	1.2
At end of year	2.3	2.6	0.1	7.6	12.6
Net book value					
At 31 March 2015	9.8	5.0	-	13.5	28.3
At 31 March 2014	6.4	4.2	-	6.6	17.2

Notes

Association	Freehold office premises	Office improvements	Motor vehicles	Furniture and computer equipment	Total
	£m	£m	£m	£m	£m
Cost					
At beginning of year	9.9	6.5	-	12.9	29.3
Additions	3.5	1.0	-	7.8	12.3
Transfer from group undertaking	-	-	0.1	0.4	0.5
At end of year	13.4	7.5	0.1	21.1	42.1
Capital grant					
At beginning and end of year	1.3	-	-	-	1.3
Depreciation					
At beginning of year	2.2	2.3	-	6.4	10.9
Charge for year	0.1	0.2	-	0.9	1.2
Transfer from group undertaking	-	-	0.1	0.3	0.4
At end of year	2.3	2.5	0.1	7.6	12.5
Net book value					
At 31 March 2015	9.8	5.0	-	13.5	28.3
At 31 March 2014	6.4	4.2	-	6.5	17.1

Notes

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

Group	2015	2014	2015	2014
	Unit numbers	Unit numbers	£m	£m
Cost				
Low cost home-ownership properties – for sale	126	208	12.9	14.4
Low cost home ownership properties – under construction	-	-	6.6	4.7
Outright sale properties – for sale	55	77	60.1	23.6
Outright sale properties – under construction	-	-	64.4	23.0
Commercial properties – for sale	-	7	2.5	9.6
Land for sale	-	-	5.0	5.0
			151.5	80.3
Stock write down				
At beginning of year			5.0	19.0
Transfers during year			-	(0.9)
Release in year			-	(13.1)
At end of year			5.0	5.0
Net book value			146.5	75.3

Notes

Association	2015	2014	2015	2014
	Unit numbers	Unit numbers	£m	£m
Cost				
Low cost home-ownership properties – for sale	126	208	12.9	14.4
Low cost home ownership properties – under construction	-	-	6.7	3.8
Outright sale properties – for sale	55	77	63.5	23.6
Outright sale properties – under construction	-	-	15.9	14.3
Commercial properties – for sale	-	7	2.5	9.6
Land for sale	-	-	5.0	5.0
			106.5	70.7
Stock write down				
At beginning of year			5.0	19.0
Transfers during year			-	(0.9)
Release in year			-	(13.1)
At end of year			5.0	5.0
Net book value			101.5	65.7

Notes

14. Debtors

Amounts receivable within one year	2015 Group £m	2014 Group £m	2015 Association £m	2014 Association £m
Rent and service charge arrears	41.5	47.0	41.5	47.0
Provision for bad and doubtful debts	(10.1)	(8.9)	(10.1)	(8.9)
	31.4	38.1	31.4	38.1
Amounts owed by group undertakings	0.7	-	106.3	10.7
Trade debtors	5.5	7.4	5.5	7.3
Other debtors	10.6	14.8	5.7	7.6
Prepayments and accrued income	6.2	8.0	5.5	8.0
	54.4	68.3	154.4	71.7

Amounts receivable after more than one year	2015 Group £m	2014 Group £m	2015 Association £m	2014 Association £m
Amounts owed by group undertakings	-	-	-	27.3
Other debtors	2.1	2.6	2.1	2.6
	2.1	2.6	2.1	29.9

Notes

15. Investments (held as current assets)

	2015 Group £m	2014 Group £m	2015 Association £m	2014 Association £m
Other investments	36.0	26.5	36.0	26.5

Included in the above are cash at bank and investments charged to lenders of £34.5m (2014 : £24.6m) and cash at bank held for leaseholders of £1.5m (2014: £1.9m). It is anticipated that the cash at bank and investments charged to lenders will be released from charge within one year.

16. Creditors: amounts falling due within one year

	2015 Group £m	2014 Group £m	2015 Association £m	2014 Association £m
Housing loans	3.4	3.0	3.4	3.0
Trade creditors	4.2	2.9	3.8	2.1
Amounts owed to group undertakings	-	-	44.2	7.6
Taxation and social security	1.8	1.0	1.7	1.0
Other creditors	25.9	35.0	25.7	35.1
Recycled capital grant fund (note 17c)	1.6	-	1.6	-
Disposal proceeds fund (note 17c)	0.9	0.5	0.9	0.5
Accruals and deferred income	42.2	42.1	30.8	29.0
	80.0	84.5	112.1	78.3

Notes

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

	2015 Group £m	2014 Group £m	2015 Association £m	2014 Association £m
Housing loans	1,271.4	1,151.9	964.9	854.4
Bonds	252.8	253.2	-	-
Total housing loans (see below)	1,524.2	1,405.1	964.9	854.4
Amounts owed to group undertakings	-	-	560.2	554.7
Other creditors	-	3.0	-	-
Recycled capital grant fund (see below)	20.4	14.7	20.4	14.7
Disposal proceeds fund (see below)	4.2	2.2	4.2	2.2
Cyclical and major repairs fund	6.8	6.2	6.8	6.2
Shared ownership sinking fund	0.6	0.6	0.6	0.6
	1,556.2	1,431.8	1,557.1	1,432.8

The maturity of the housing loans is as follows:

Notes

a) Housing loans

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

Group	Nominal value £m	Fair value adjustment £m	Less capitalised loan costs £m	2015 £m	2014 £m
Repayable by instalments					
Within one year	3.4	-	-	3.4	3.0
In the second to fifth years	154.7	-	-	154.7	82.2
Over five years	965.1	11.6	(9.3)	967.4	928.0
	1,123.2	11.6	(9.3)	1,125.5	1,013.2
Not repayable by instalments					
In the second to fifth years	39.0	0.4	(0.3)	39.1	39.1
Over five years	110.5	0.5	(0.8)	110.2	102.6
	149.5	0.9	(1.1)	149.3	141.7

Notes

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

b) Bonds

	2015 Group £m	2014 Group £m	2015 Association £m	2014 Association £m
Not repayable by instalments	250.0	250.0	-	-
Bond premium	4.5	4.9	-	-
Capitalised loan costs	(1.7)	(1.7)	-	-
Total	252.8	253.2	-	-

At 31 March 2015, the fair value of the bonds was £354.6m (2014: £299.7m).

c) Recycled capital grant fund and disposal proceeds fund

Recycled capital grant fund

	2015 Group £m	2014 Group £m	2015 Association £m	2014 Association £m
Due within one year	1.6	-	1.6	-
Due after more than one year	20.4	14.7	20.4	14.7
	22.0	14.7	22.0	14.7

Notes

Disposal proceeds fund

	2015 Group £m	2014 Group £m	2015 Association £m	2014 Association £m
Due within one year	0.9	0.5	0.9	0.5
Due after more than one year	4.2	2.2	4.2	2.2
	5.1	2.7	5.1	2.7

Recycled capital grant fund

	Group £m	Association £m
Reconciliation of movement during year:		
At beginning of year	14.7	14.7
Utilised during the year	(16.3)	(16.3)
Grant recycled	23.6	23.6
At end of year	22.0	22.0

Disposal proceeds fund

	Group £m	Association £m
Reconciliation of movement during year:		
At beginning of year	2.7	2.7
Utilised during the year	(2.4)	(2.4)
Grant recycled	4.8	4.8
At end of year	5.1	5.1

Notes

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

d) Derivative transactions

The Group has entered into financial derivative contracts as follows:

	Total notional Principal £m	2015 Fair value £m	Total notional Principal £m	2014 Fair value £m
Interest rate swaps without options	350.0	(120.5)	350.0	(84.8)
Total	350.0	(120.5)	350.0	(84.8)

Financial risk management

Risk management objectives and policies

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

Interest rate risk management

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

Counterparty/credit risk management

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

Market risk

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

Liquidity risk management

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

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

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

Notes

The only standalone derivatives open at year end are vanilla interest-rate swaps, entered into to hedge against movements in the cost of floating-rate debt. They are accounted for as 'cash flow hedges' under the terms of FRS 26 although Genesis Housing Association does not apply FRS 26 as outside the scope. Cash flows under

these hedges will occur in the same periods as the underlying interest payments on floating-rate borrowings and will be reported at cost at the time on an accruals basis.

Hedging position

At 31 March 2015 the Group's borrowings were hedged as follows:

	Principal £m	2015 %	Principal £m	2014 %
Interest rates fixed for more than 12 months	1,097.2	72	1,099.1	78
Interest rates linked to RPI	4.9	-	5.1	-
Capped interest rates	150.0	10	150.0	11
	1,252.1		1,254.2	
Floating rate (interest rates fixed for less than 12 months)	262.2	18	148.7	11
	1,514.3	100	1,402.9	100

Notes

18. Provisions for liabilities

	2015 Group £m	2015 Association £m
At beginning of year	2.2	2.2
Movement in the provision during the year	0.2	0.2
Utilised during the year	(0.6)	(0.6)
At end of year	1.8	1.8

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

19. Reserves

Group	Restricted reserve £m	Revenue reserve £m	Revaluation reserve £m	Total £m
At beginning of year	2.9	295.4	3.9	302.2
Surplus for the year	0.2	36.1	-	36.3
Actuarial loss recognised in the pension schemes	-	(12.2)	-	(12.2)
Revaluations in the year	-	-	0.1	0.1
At end of year	3.1	319.3	4.0	326.4

Association	Restricted reserve £m	Revenue reserve £m	Revaluation reserve £m	Total £m
At beginning of year	0.2	295.8	3.9	299.9
Surplus for the year	-	37.6	-	37.6
Actuarial loss recognised in the pension schemes	-	(12.2)	-	(12.2)
Revaluations in the year	-	-	0.1	0.1
At end of year	0.2	321.2	4.0	325.4

Restricted reserves

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

Notes

20. Members

Association	2015 Number	2014 Number
At beginning of year	60	82
Shares issued	1	-
Shares cancelled	-	(22)
At end of year	61	60

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.

Notes

21. Commitments

a) Capital commitments

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

	2015 Group £m	2014 Group £m	2015 Association £m	2014 Association £m
Contracted for and not provided	160.9	275.2	154.3	200.1
Authorised by the Board and not yet contracted for	57.6	-	-	-

The Group expects to finance the above contracted commitments by:

	2015 Group £m	2014 Group £m	2015 Association £m	2014 Association £m
Proceeds from property sales	42.2	74.8	24.4	59.7
Capital grant receivable	11.8	7.0	11.8	7.0
Cash and available loan facilities	106.9	193.4	118.1	133.4
	160.9	275.2	154.3	200.1

At 31 March 2015, the Group has cash and borrowing facilities available of £138m (2014: £242m).

Notes

Group	2015 Land and buildings £m	Other £m	2014 Land and buildings £m	Other £m
Operating leases which expire:				
Within one year	18.0	0.1	21.3	0.1
In the second to fifth years inclusive	28.3	0.1	26.0	0.1
Over five years	0.2	-	6.7	-
	46.5	0.2	54.0	0.2

Association	2015 Land and buildings £m	Other £m	2014 Land and buildings £m	Other £m
Operating leases which expire:				
Within one year	18.0	0.1	21.3	-
In the second to fifth years inclusive	28.3	0.1	26.0	-
Over five years	0.2	-	6.7	-
	46.5	0.2	54.0	-

Notes

22. Housing units and bedspaces

Group	2015 Group Units	2014 Group Units	2015 Association Units	2014 Association Units
Under development on site at end of year				
Units for rent	177	567	-	265
Low cost home ownership units	152	258	69	74
Outright sales units	827	692	771	570
	1,156	1,517	840	909
Under management at end of year				
General needs units owned (social)	14,891	14,433	14,891	14,433
General needs units owned (affordable)	383	333	383	333
General needs units managed on behalf of others	17	1,265	17	1,265
Supported housing and housing for older people	3,034	3,066	3,034	3,066
Temporary housing units	3,391	3,596	3,391	3,596
Low cost home ownership and other leased units	6,770	6,312	6,770	6,312
Key worker accommodation	1,365	1,398	1,365	1,398
Other – non social housing:				
Market let	810	579	810	579
Intermediate rent	667	628	667	628
Managed for private landlords	-	691	-	691
Commercial	182	68	182	68
	31,510	32,369	31,510	32,369
Units owned but managed by others	1,129	1,070	1,129	1,070

Notes

23. Pension schemes

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

Genesis Housing Association operated three schemes:

- a) The PCHA 2001 Pension Scheme - A defined benefit scheme which is closed to new employees with effect from 1 June 1996 with Scottish Widows Plc. Regular employee and employer contributions to the scheme ceased with effect from 31/03/2012 when the scheme was closed to future accrual. Past service deficit contributions made by the employer are determined by a qualified actuary on the basis of triennial valuations using the projected unit method.

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

The Group's contributions to the scheme in the year ended 31 March 2015 amounted to £700,000 (2014: £700,000), which includes an annual contribution of £700,000 (2014: £700,000).

- b) The Friends Life Pension Scheme – A defined contribution scheme which was open to all employees starting from 1 June 1996, which was a money purchase scheme with Friends Life, into which the employee and the Association each contributed between 3.5% and 7.5% of salary. Employees in this scheme were contracted into the State Earnings Related Pension Scheme. On 4 June 2013 the Board approved the recommendation to close the scheme from 1st July 2013. The charge to the Association for the year was £4,000 (2014: £248,000).

- c) The Social Housing Pension Scheme - A defined contribution pension scheme, open to all employees from 1 July 2013, which is a money purchase scheme with the Social Housing Pension Scheme into which the employee and the Association each contribute between 3.5% and 7.5% of salary. Employees in this scheme are contracted into the State Earnings Related Pension Scheme. On 4 June 2013 The Board approved the recommendation to open the scheme from 1 July 2013. The charge to the Association for the year was £1,004,000 (2014: £711,000).

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

- d) The Local Government Pension Scheme – A defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 1997, as amended. The Group's contributions to the London Pensions Fund Authority

Scheme ("LPFA") for two groups of staff amounted to £48,000 (2014: £55,000).

- e) The Social Housing Pension Scheme – A defined benefit scheme (SHPS), which is a multi-employer defined benefit scheme including Genesis Housing Association Limited. The Scheme was funded and contracted-out of the state scheme. It was closed to future accrual with effect from June 2013. The past service deficit was not triggered and continued to be paid. The total contributions for the year ended 31 March 2015 totalled £nil (2014: £725,000). In addition and running alongside the SHPS defined benefit scheme there was an Additional Voluntary Contribution (AVC) scheme. This was closed at the end of June 2013 and a past service deficit of £nil (2014: £224,000) was triggered and paid by the Association.

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

Notes

23. Pension schemes (continued)

PCHA 2001 Pension Scheme

Employee benefit obligations

The amounts recognised in the balance sheet are as follows:

	2015 £m	2014 £m
Present value of funded obligations	58.9	47.0
Fair value of planned assets	(41.7)	(39.7)
Net liability	17.2	7.3
Amounts in the balance sheet		
Liabilities	(17.2)	(7.3)

The amounts recognised in surplus are as follows:

	2015 £m	2014 £m
Interest on obligation	2.0	2.0
Expected return on plan assets	(2.4)	(2.3)
Total	(0.4)	(0.3)
Actual return on plan assets	2.5	1.1

Notes

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

	2015 £m	2014 £m
Opening defined benefit obligation	47.0	46.1
Interest cost	2.0	2.0
Actuarial losses	11.1	-
Benefits paid	(1.2)	(1.1)
Closing defined benefit obligation	58.9	47.0

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

	2015 £m	2014 £m
Opening fair value of plan assets	39.7	39.0
Expected return	2.4	2.3
Actuarial gains/(losses)	0.1	(1.2)
Contribution by employer	0.7	0.7
Benefits paid	(1.2)	(1.1)
Closing fair value of plan assets	41.7	39.7

Notes

23. Pension schemes (continued)

The Group expects to contribute £0.7m in 2015/16.

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

	2015	2014
UK equities	22%	20%
FTSE guaranteed equity notes	2%	13%
Overseas equities	9%	7%
Bonds	39%	43%
Property	3%	1%
Other	10%	11%
Cash	15%	5%

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

	2015	2014
Discount rate at 31 March	3.1%	4.3%
Expected return on plan assets at 31 March	6.0%	6.0%
Future pension increases	3.00%	3.40%

Notes

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

	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Defined benefit obligation	(58.9)	(47.0)	(46.1)	(43.3)	(35.5)
Plan assets	41.7	39.7	39.0	35.7	32.5
(Deficit)	(17.2)	(7.3)	(7.1)	(7.6)	(3.0)
Experience adjustments on plan liabilities	(0.6)	0.7	-	(0.4)	1.3
Experience adjustments on plan assets	0.1	(1.2)	1.2	(0.1)	(0.1)

Notes

23. Pension schemes (continued)

LPFA Pension Scheme

Employee benefit obligations

The amounts recognised in the balance sheet are as follows:

	2015 £m	2014 £m
Present value of funded obligations	10.9	9.5
Fair value of planned assets	(8.4)	(8.1)
	2.5	1.4
Present value of unfunded obligations	0.1	0.1
Net liability	2.6	1.5
Amounts in the balance sheet		
Liabilities	(2.6)	(1.5)

Notes

The amounts recognised in surplus are as follows:

	2015 £m	2014 £m
Current service cost	0.1	0.1
Interest on obligation	0.4	0.4
Expected return on plan assets	(0.5)	(0.4)
Total	-	0.1
Actual return on plan assets	0.5	0.3

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

	2015 £m	2014 £m
Opening defined benefit obligation	9.5	9.2
Service cost	0.1	0.1
Interest cost	0.4	0.4
Actuarial losses	1.2	0.1
Benefits paid	(0.3)	(0.3)
Closing defined benefit obligation	10.9	9.5

Notes

23. Pension schemes (continued)

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

	2015 £m	2014 £m
Opening fair value of plan assets	8.1	7.8
Expected return	0.5	0.4
Actuarial gains/(losses)	-	0.1
Contribution by employer	0.1	0.1
Benefits paid	(0.3)	(0.3)
Closing fair value of plan assets	8.4	8.1

The Group expects to contribute £50,000 in 2015/16.

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

	2015	2014
UK equities	43%	0%
Bonds	29%	30%
Property	3%	3%
Other	14%	11%
Cash	11%	3%

Notes

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

	2015	2014
Discount rate at 31 March	3.3%	4.4%
Expected return on plan assets at 31 March	6.4%	6.4%
Future salary increases	4.2%	4.6%
Future pension increases	2.4%	2.8%

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

	2015 £m	2014 £m	2013 £m	2012 £m	2011 £m
Defined benefit obligation	(10.9)	(9.5)	(9.2)	(9.3)	(8.4)
Plan assets	8.4	8.1	7.8	7.8	8.4
(Deficit)	(2.5)	(1.4)	(1.4)	(1.5)	-
Experience adjustments on plan liabilities	-	0.2	-	-	2.3
Experience adjustments on plan assets	-	0.1	0.6	(0.5)	(0.5)

Notes

23. Pension schemes (continued)

Social Housing Pension Scheme

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

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

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

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

equivalent to a past service funding level of 67%.

The Scheme Actuary is currently finalising the 2014 valuation but key provisional results have been confirmed. As at 30 September 2014, the market value of the Scheme's assets was £3,123m. There was a shortfall of assets compared with the value of liabilities of £1,323m, equivalent to a past service funding level of 70%.

The Association has been notified by The Pensions Trust of the estimated employer debt on withdrawal from SHPS based on the financial position at 30 September 2014. As of this date the estimated employer debt was £50.2m.

Notes

24. Analysis of cash flows

Group	2015 £m	2014 £m
Returns on investment and servicing of finance		
Interest received	0.4	0.7
Interest paid	(67.7)	(65.8)
	(67.3)	(65.1)
Capital expenditure and financial investment		
Cash paid for construction and purchase of housing properties	(135.3)	(149.1)
Purchase of other tangible fixed assets	(12.3)	(7.5)
Sale of housing properties	69.2	66.5
Capital grant received	8.1	34.8
Decrease/(increase) in fixed asset investments	(1.5)	1.6
	(71.8)	(53.7)
Movement of liquid resources		
Decrease/(increase) in current asset investments	(9.5)	8.7
Financing		
New borrowings	121.9	24.0
Repayment of borrowings	(2.4)	(34.8)
	119.5	(10.8)

Notes

25. Analysis of net debt

Group	At beginning of the year £m	Cash flow £m	At end of year £m
Cash in hand and at bank	75.4	11.2	86.6
	75.4	11.2	86.6
Debt due after one year	(1,405.6)	(122.0)	(1,527.6)
Debt due within one year	(2.5)	2.5	-
	(1,332.7)	(108.3)	(1,441.0)
Current asset investments	26.5	9.5	36.0
Total	(1,306.2)	(98.8)	(1,405.0)

Notes

26. Related party disclosures

The following related parties had outstanding balances at 31 March 2015 and had transactions during the year with the Group as follows:

Transactions with subsidiaries

The following disclosures related to transactions with related parties that are non-regulated subsidiaries:

	2015 £	2015 £
Turnover:		
Management fee income	17,885	85,320
Gift aid donations	34,219	424,976
	52,104	510,296
Expenditure:		
Purchase of housing properties	93,693,871	4,756,400
Maintenance services	8,047,605	10,834,375
Interest payable	18,722,911	26,405,151
	120,464,387	41,995,926

As at 31 March 2015, the Association was owed £106.2m (2014: £37.7m) from non-regulated group undertakings and owed non-regulated group undertakings £604.3m (2014: £598.9m).

Transactions with associates

Logic Homes Limited invoiced the Group £15,808 (2014: £nil) for services provided. At 31 March 2015 £nil (2014: £14,400) was due to Logic Homes Limited by the Group.

Transactions with joint ventures

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

27. Legislative provisions

Genesis Housing Association Limited is registered with the Financial Services Authority under the Cooperative and Community Benefit Societies Act 2014 (No 31241R) and with the Homes and Communities Agency (No L4655).



Proud to be in The Times Top 50 employers for Women 2015

Genesis Housing Association

Atelier House, 64 Pratt Street, London, NW1 0DL

www.genesisha.org.uk

020 7563 0029

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