CELEBRATING

Genesis

Financial Statements
2015/16

Contents

The Board, Executive team, Committees and Professional advisers

The Board of Genesis Housing Association

Charles Gurassa	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
Stephen East	Non-Executive Member
Eugenie Turton	Non-Executive Member
Elizabeth Froude	Executive Director of Resources

Executive Team

Neil Hadden	Chief Executive
Elizabeth Froude	Executive Director of Resources
John Carleton	Executive Director of Markets & Portfolio - Resigned July 2016
Laurice Ponting	Executive Director of Communities - Resigned July 2016

Committees

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

Company Secretary

Hilary Milne	Director of Governance & Compliance

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Association Limited
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Auditor
KPMG LLP
Chartered Accountants
and Registered Auditor
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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 2016.

Business objectives

Genesis is a private registered provider of social housing and is one of the country's leading social investment businesses, with 31,066 (2015: 31,510) 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 2016, Genesis' owned housing stock had a desktop valuation of £7.27 billion (2015: £6.96 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. It plans to always acquire and develop more new affordable housing units each year than are sold: indeed, our 2015 – 2020 Corporate Strategy, Creating and Sustaining Thriving Communities, aims to achieve around 1,000 homes per year every year.

Over the last six 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 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 29,000 affordable homes for people unable to afford to rent or buy in the open market
- Community development and regeneration of existing estates to improve the quality of life in local neighbourhoods. We don't 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.
- 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 3,000 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 1,352 homes under management

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 and the Greater London Authority's National Affordable Housing Programme (NAHP). It has also been appointed as the Registered Provider for the Woodberry Down regeneration scheme in Hackney and is committed to the Grahame Park regeneration scheme in Barnet. Grahame Park is the largest Registered Provider-led regeneration scheme in the UK. We are also members of the Homes and Communities Agency's Delivery Partner Panel (DPP) for London and the South East.

Operating and financial review

Vision, mission and values

Vision: A new style provider for the digital age

Launched in 2015, Genesis' 50th anniversary year, our five year corporate strategy has ambitious aims.

In creating and sustaining thriving communities, we will transform the way we deliver services to our customers, taking advantage of digital technologies, providing more opportunities for customers to self-serve on transactional services, will help deliver expectations of instant service delivery; we will use the value in our assets to deliver ambitious growth targets and target our investment; be less reliant on Government grant, becoming even more independent and self-sufficient, choosing how we invest and where we operate.

We combine our 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 are in a unique position: with a property portfolio on which has a vacant possession value of £7.27bn.

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.

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.

Through Genesis Community Foundation and the Wellbeing Fund, we support community groups' work to shape the places in which we have homes – either through development and the management of existing properties, or through our regeneration activities, 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 providing resources for the development of our more traditional social housing. Demand for homes and services is growing, with the shortage especially acute in London and the South East where the cost of accessing housing through the market is far out of the reach of so many households, although a key aspiration for many. We can help by developing more homes for shared ownership, intermediate and market rent.

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.

Our Mission Statement reflects the vision above and the role we want to play:

Creating and sustaining thriving communities

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

Efficiency

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

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

Good employer

Everyone working together to make Genesis a great place to work

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

Partnership working

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

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

Operating environment

The environment in which 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 indicate uncertainty and change. Genesis has focussed over the year on understanding the possible impact of the Government's Welfare Reform and Work Act and Housing and Planning Act, 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.

Operating and financial review

Review of the year ended 31 March 2016

Financial performance

The financial year 2015/16 saw another solid year of financial performance with a pre-tax surplus of £27.3m. Within the year there has been a high level of asset investment expenditure of £42.1m, £11m more than originally planned, building a more solid understanding of our asset base to inform future asset management and compliance programmes.

As at 1 April 2015, the Group transitioned from previously extant UK GAAP to FRS 102. The impact on the Group's balance sheet has seen fixed assets increase from £1.6bn to £3.2bn, liabilities have increased from £1.4bn to £2.6bn and reserves have remained constant at £0.8bn (2015: £0.8bn). A full impact assessment is included within the financial statements (note 40).

Our 2015-2020 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 £29.9m for the year (2015: £17.4m). This was principally due to sales of previously rented properties generating a profit of £14.1m.

	No of units 2016	Sales value £m	Cost of sales £m	Surplus/ (deficit) 2016 £m	No of units 2015	Sales value £m	Surplus/ (deficit) 2015 £m
First tranche shared ownership sales	**193**	**18.8**	**(17.2)**	**1.6**	193	22.2	3.3
Sales of previously rented properties	**56**	**21.0**	**(6.9)**	**14.1**	85	30.1	15.9
Sales to other RPs	**170**	**4.9**	**(5.8)**	**(0.9)**	34	2.1	(0.6)
Staircasing of shared ownership	**288**	**43.3**	**(32.4)**	**10.9**	236	34.1	4.3
Right to Buy and Right to Acquire	**7**	**1.8**	**(1.9)**	**(0.1)**	12	2.7	0.0
Newly developed private homes*	**141**	**58.2**	**(54.2)**	**4.0**	35	14.7	1.2
Sale of commercial units	**4**	**1.8**	**(1.4)**	**0.4**	4	3.0	(6.7)
		149.7	**(119.8)**	**29.9**		108.9	17.4

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

Operational performance

	Target 2015/16	2016	2015	2014	2013
Resident overall satisfaction with GHA (%)	**67.00**	**63.9**	**64.6**	**69.2**	**70.5**
Resident satisfaction with Repairs Service (%)	**74.00**	**73.60**	**58.8**	**76.8**	**75.9**
Cash collection (%)	**100.2**	**100.3**	**100.4**	**100.3**	**99.9**
Current tenant arrears (Gross of Housing Benefit) (%)	**5.50**	**4.80**	**5.80**	**6.30***	**5.70**
Void loss (%)	**1.9**	**2.7**	**2.3**	**2.1**	**1.7**
Void loss (£m)	**3.9**	**5.6**	**4.8**	**4.4**	**3.3**
Re-let performance times (days)	**24.0**	**29.4**	**28.9**	**23.6**	**25.0**

*Please 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.
*Please note - the survey company was changed in 2014/15 which resulted in different methodology with the results being based on a response of rating 1-10

In 2015/16 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 services 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.

The 2015/16 benchmarking will be available later in the year.

Our core activities, within owned stock, show operating profit of £88.5m, up on last year by £7.2m. This is a decrease in operating margin from 22% last year to 21% this year. This is primarily due to an increase in operating cost (£11.4m). 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.

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 we now undertake transactional surveys on repairs achieving 73.6% against a target of 74%.
- Income collection rate was 100.3% which exceeded our target for the year and enabled us to significantly reduce our arrears.
- Operating surplus increased from £82.0m to £88.5m
- Gearing at 44.0% is slightly lower than 2015 (45.0%)

	2016 £m	2015 £m
Operating margin %	21.81%	22.80%
Interest cover %	179.0%	153.0%
Debt per unit £	49.40	48.00
Gearing*	44.0%	45.0%

*net debt as a percentage of housing property

Operating costs for general needs units

	Actual 2015	Actual 2016	Projection 2017
Operating cost per social housing unit	3,854	4,352	4,008
Maintenance cost per unit	632	676	1,196
Management cost per unit	1,872	2,113	1,761
Bad debt per unit	100	64	71
Service cost per unit	552	470	574
Overhead as % of income	8.9	10.7	9.1

Operating and financial review

Completed housing properties

An external desktop stock valuation was performed by professional valuers as at 31 March 2016 statements.

	Analysis of values at 31 March 2016 by property type		
	EUV-SH £bn	MV-T £bn	VP £bn
General needs housing	1.12	3.19	5.43
Intermediate rent	0.07	0.10	0.15
Keyworker accommodation	0.10	0.10	0.19
Affordable Rent	0.06	0.10	0.15
Market Rent	0.05	0.05	0.07
Supported Housing	0.11	0.25	0.47
Shared Ownership Housing (LCHO)	0.25	0.25	0.83
Total	**1.77**	**4.04**	**7.27**

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

Completed housing properties include 73 new homes that were completed during the year for rent (2015: 530) and 54 new homes for Low Cost Home Ownership (2015: 211).This reduction is largely due to the fact that last year was the last year of the Affordable Housing Programme funding period and therefore there were many developments that completed in the year. 2015/16 is the start of the new programme and as a result most of the committed developments will not complete until the end of the programme. Development during the year also included the completion of 187 homes for outright sale (2015: 191). We completed 314 (2015: 932) new homes during the year. Funding received from the HCA and GLA was £5.1m (2015:£7.9m).

As at 31 March 2016 the £123.1m (2015: £195.9m) 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 2016 has decreased to 1,113 (2015: 1,156). The value of the land bank not in the course of development has reduced to £9.5m (2015: £10.4m).

The expenditure per existing social housing unit on new homes is the equivalent of £3,048 per existing home. The capital commitments to new schemes as a proportion of fixed assets was 7%.

Forecast unit completions by tenure 2016-18 for known, committed schemes are shown below. The ongoing work to identify new schemes will contribute towards the goal of an average of 1,000 units per year.

Unit completions by tenure 2016-18

	2016	2017	2018
Private sale/Market rent	165	77	317
Shared ownership	27	81	109
Commercial sale rent	2	-	2
Social and affordable rent	72	8	-
Total	**266**	**166**	**428**

Development cashflow projections 2016-18

	2017 £000s	2018 £000s	2019 £000s
Investment in new homes	(315,890)	(358,865)	(358,865)
Grant	11,914	6,988	6,427
Proceeds from outright/ first tranche sales	22,914	87,780	82,101
Existing property sales proceeds	87,528	82,722	84,733
Net investment in new homes	**(193,533)**	**(179,373)**	**(116,825)**

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 £24.2m (2015: £12m), responsive repairs expenditure was £17.3m (2015: £7.9m) and cyclical works spend was £5.5m (2015: £5.5m). All properties meet the Government's Decent Homes Standard. It largely relates to MOS (Management Organisation Structure),legal disrepairs, compliance remedial works and legacy costs in respect of clearing backlog of specialist and historical debts going back to 2014/15.

Financing

At 31 March 2016, total borrowings were £1,496m from available facilities of £1,761m (2015: total borrowings were £1,510m from available facilities of £1,564m). Borrowings include a £250m bond issued by the Group in the capital markets in 2009 and 2012. At the same date, we had cash balances of £116.4m (2015: £86.9m) in addition to £278.6m (2015: £51.6m) of secured loan facilities available to drawdown.

In July 2016 Moodys reviewed the Inaugural Business Plan for a proposed merger scenario.

This plan was built and submitted in a pre Brexit environment and aimed to deliver a proportion of its development pipeline which gave exposure to sales market changes.

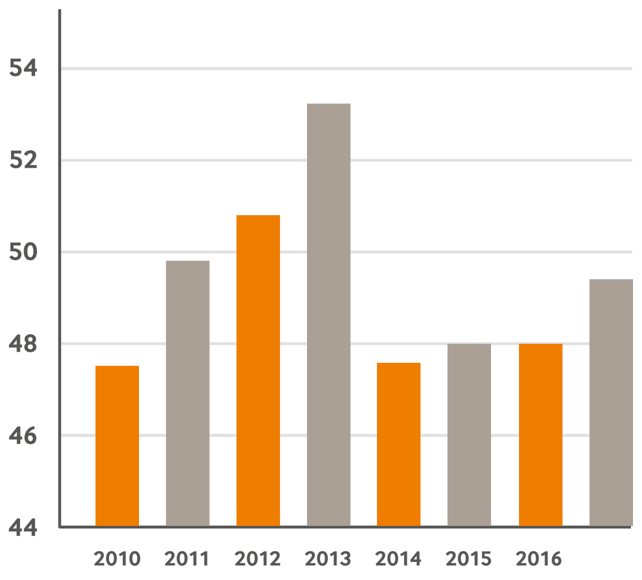
Whilst Moodys acknowledged the strong balance sheet and lower gearing of the new organisation they did have concerns with the degree of pipeline growth and inherent market exposure.

This resulted in a downgrade of our public rating from A2 to Baa1, a decision which was affected by the credit committee a few days after the UK voted to leave the EU.

Genesis are already working on a new post Brexit business plan and this will be re-submitted to Moodys in the near future.

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.

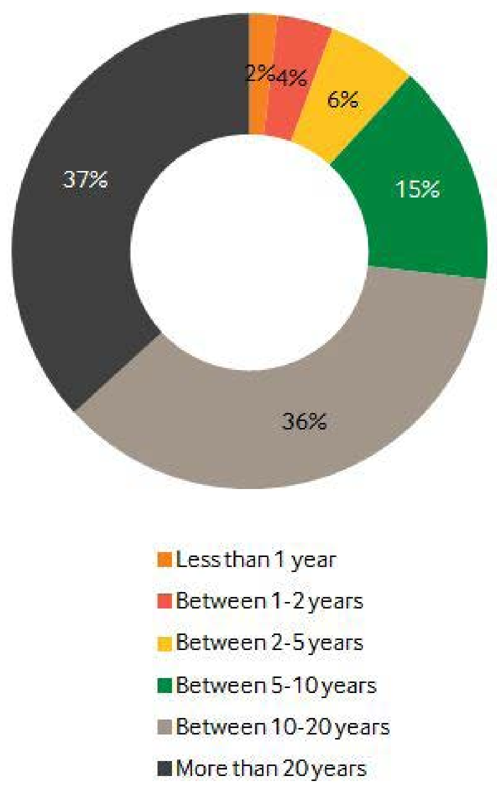
Debt per unit (£000s)



Operating and financial review

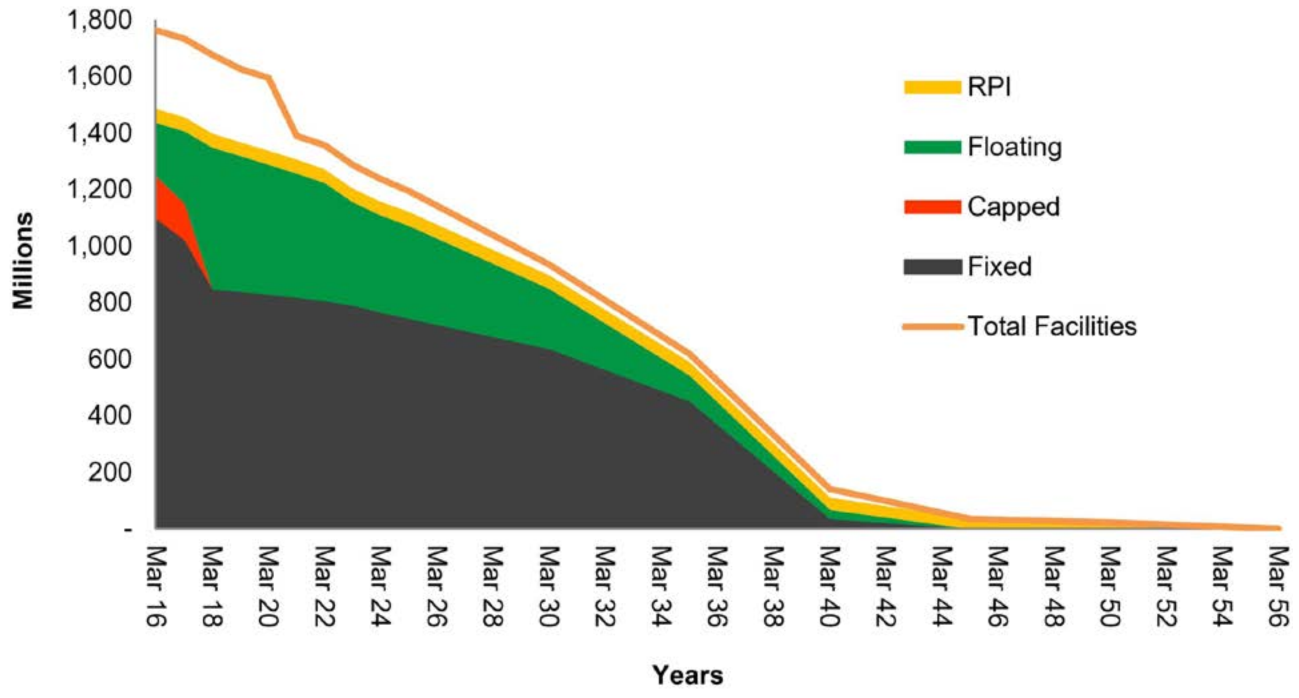
Our re-financing risk is considered to be low, with 88% (£1,312m) (2015: 88%: £1,343m) of debt due for repayment after 5 years.

Debt repayment profile



Exposure to interest rates is managed through the use of standalone and embedded hedges. At 31 March 2016, £350m (2015: £350m) of standalone interest rate swaps were outstanding, with an average maturity of 8 years. Genesis' total hedged position at 31 March 2016 (consisting of fixed, capped and RPI linked interest rates) was £1,294m, representing 87% of the total borrowings (2015: £1,252m, 83% of total borrowing).

Loan maturity profile as at 31 March 2016 (existing debt)



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 £29.7m (2014: £11.2m) and made net interest payments of £69.7m (2015: £66.9m). Genesis decreased its debt by £30.0m (2015: £119.5 increased) in the year. Key drivers for these cash inflows and associated increase in net debt included the capital grants receipt of £3.8m (2015: £8.1m) , net payments of fixed investment properties £21.9m (2015: £1.5m), receipts of current assets investments £3.6m (2015: £9.5m payments) and payment for other fixed assets of £3.9m (2015: £12.3m)

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.

Summarised cash flow

	2016 £m	2015 £m
Net cash flow from operations	149.9	(26.2)
Net Interest	(69.3)	(66.9)
Expenditure on other fixed assets	(3.9)	(12.3)
Investment in subsidiaries	(2.5)	-
Net movement in fixed asset investment properties	(21.9)	(1.5)
Increase/(decrease) of current assets investment	3.6	(9.5)
Grants received	3.8	8.1
Loans drawn down in year	(30.0)	119.5
Increase in cash in the year	**29.7**	**11.2**

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.

Operating and financial review

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 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 Housing Associations' Charitable Trust (HACT) model to demonstrate how investment from Genesis benefits the public purse.

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

Value for money information will be published on Genesis' website for 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 based on Housemark benchmarking results for year ending March 2015 which are the most up-to-date at the point of publishing

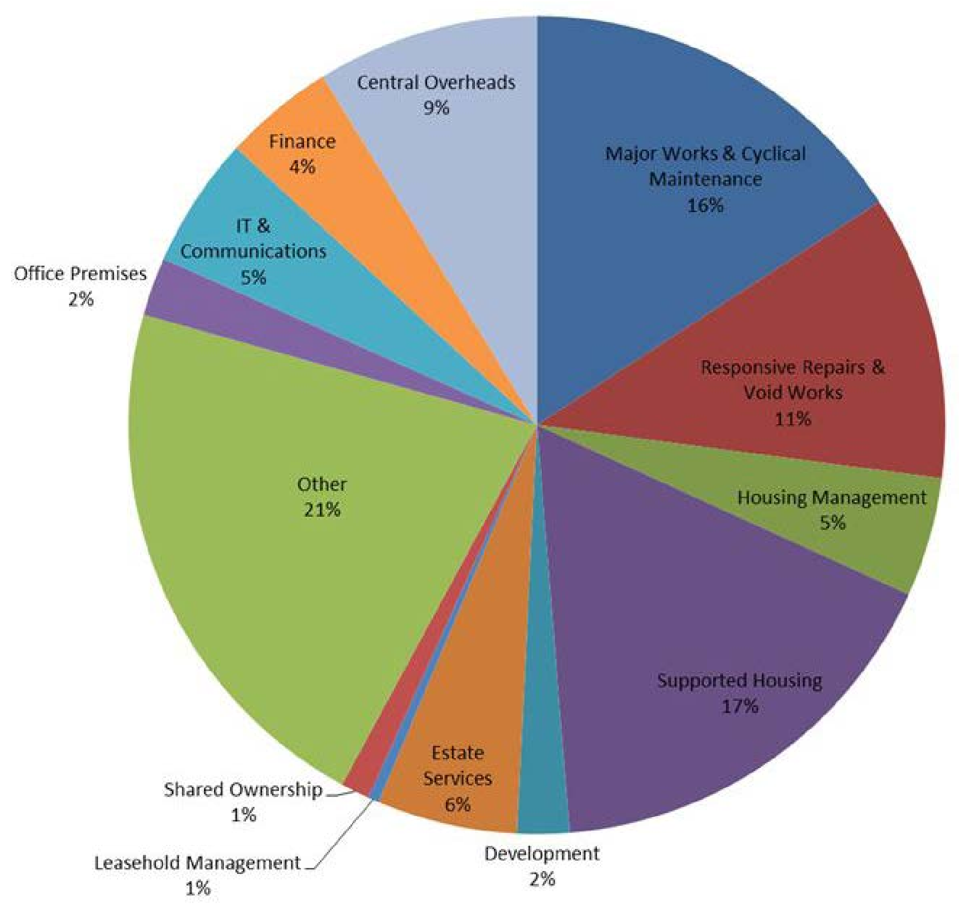
Overall there are 639 categories of which Genesis was ranked 6th overall.

Ranked No.1 amongst G15 14-15

Current tenant arrears attributable to unpaid HB %	Service charges collected (excl. arrears b/f) %
Direct cost per property of anti-social behaviour non-pay costs. Ranked 1st for the 2nd year	Overhead employees as % of all employees (% of all staff)
Properties accepted on first offer %	Office premises costs as a % of direct revenue costs – heating, light, power and other services
Overhead cost per property of major works (service provision). Ranked 1st for the 2nd year	Office premises costs as a % of direct revenue costs – office cleaning
Direct cost per property cyclical maintenance	Overheads analysis Finance cost per property – Treasury/ Corporate Finance
Overhead cost per property cyclical maintenance	Overheads analysis Finance cost as a % of turnover – Treasury/Corporate Finance
Total (management) cost per property of cyclical maintenance. Ranked 1st for the 2nd year	Overheads analysis Finance cost as a % of direct revenue costs – Treasury/Corporate Finance
Cyclical Maintenance (management) % of total cost	Overheads analysis Finance cost per employee – Treasury/Corporate Finance
Direct cost per property responsive repairs and void works costs	Overheads analysis of central overhead cost per property – training
Direct cost per property void works (management) costs	Finance costs as a % of turnover – Treasury
Supported Housing average relet times (standard relets)	IT & Communications performance – employees per '000 units

The chart below shows where Genesis spends its money, so for each pound of rent, for example 16 pence is spent on Major Works and Cyclical Maintenance and 5 pence on IT and Communications.

Function as a % of Operating Costs 2014/15



Self-Assessment

Value for money assessments have been based on Service Managers' views and judgments and were ratified at a VfM workshop attended by members of the VfM forum (a range of staff from across the business). The focus of the VfM exercise this year has been to extract key areas where VfM has been achieved within our corporate aims and objectives.

Operating and financial review

Movement of services from 2014/15 to 2015/16

Cost	Service quality		
	Basic	Medium	Higher
Higher			• Development ↔ ↔
Medium	• Leasehold ↔ ↔ • Control (Asset Trust)*	• HR ↔ ↔ • IT ▲↔ • Service Charges ↔△ • Tenant Management ↔ ↔ • Voids & Lettings ↔▽ • Estate Services ↔ ↔ • Property Services ▲↔ • ASB ▼↔ • Portfolio Management ↔▽	• Contracts (Stratford Halo)* • Finance ▲↔ • Procurement ▲▽ • Income Collection* • Governance & Compliance ↔ ↔
Lower		• Commercial ↔ ↔ • Contact Centre ↔△ • Contacts (Key Places) ▼△ • Care & Support ↔ ↔ • Complaints ↔ ↔ • Customer Involvement ↔ ↔	

Direction of Travel Key

Improved Quality	▲	Improved Cost	△
Deteriorating Quality	▼	Deteriorating Cost	▽
Static Quality	↔	Static Cost	↔
New Service Area	*		

The current position is based on the 22 services shown above. 95% (21) of Genesis' services are within the green areas of the value for money grid shown.

VfM is seen as an intrinsic part of corporate objectives; work carried out, or planned as part of achieving objectives is detailed below:

1. Improved customer satisfaction with our services

Achievements in 2015/16

- Post project review process introduced to improve contact centre satisfaction (76% satisfaction level achieved against a target of 71 % with the service)
- Continuous improvement in complaints responded within target (89% against a target of 85% in 2016/17, compared to 55% in 2014-15) by focussing management attention and reinforcing expectations.
- Reduction in the abandonment rate on calls to the commercial team achieved 23 % against a target of 6%.
- Training and support for the commercial team resulted in a 78% satisfaction level being achieved against a 71% target.
- Continuous focus on quality of service meant that Care & Support passed all external inspections and satisfaction is the highest in the organisation. 83.3% achieved against a target of 69 %
- Cleansing of customer email addresses
- Consolidated rent policy so that one team provides a consistent service
- Procured Resident's benefit portal
- Procured WiFi at housing schemes in Norfolk and London.

Work planned for 2016/17

- Continuing on the good work of 2015/16 management focus will be maintained to ensure solutions to complaints are delivered in line with promises made to customers
- Review of information provided to new tenants with the aim of improving advice for when they move to their homes
- Enhanced quality framework within Care & Support requiring services to undertake a series of planned audits and assessments on service delivery will be implemented
- Introducing a Customer app. which will improve access to our services.

2. Improved well-being of the communities we serve

Achievements in 2015/16

- Facilitated regular and well attended customer forum meetings
- Reduction of ASB youth 'hotspots'
- By working closely with customers and understanding their situations the Tenancy Support Team gained nearly £250,000 in additional income in unclaimed HB thereby reducing rent arrears
- A refurbishment of the interiors of 75% of care & support schemes branded as "Pride in Your Scheme" increasing satisfaction both from customers and commissioners
- Developed and implemented a new personalised approach to supporting & enabling customers to meet their needs and aspirations (PECs)

Work planned for 2016/17

- Introduction of an energy efficiency budget within the Asset Improvement Programme to start to address poor thermal performance of parts of our stock where Standard Assessment Procedure (SAP) energy rating levels are low in order to address fuel poverty issues for our residents
- A refreshed contract management framework will be developed and implemented in 2016/17 ensuring services remain fully contract compliant and deliver required results.

3. Concentrating on our core areas by moving out of some of the peripheral locations within our portfolio

Achievements in 2015/16

- Disposal of circa 100 properties (Lincolnshire)

Work planned for 2016/17

- Plans to exit from 388 properties in Cambridge, Peterborough and Northampton
- Options appraisal on schemes in Essex
- Continued rationalisation of outlying exit areas

4. Investing in at least 5,000 homes

Achievements in 2015/16

- Continuation of Portfolio plan frameworks identified opportunities for creating 950 units

Work planned for 2016/17

- The acquisition of 1500 new units into the delivery programme through new opportunities, Genesis' existing portfolio and Regeneration schemes
- Converting hard to let properties into family sized homes
- Developing 53 new key worker homes at John Astor House adding £800,000 to the key places rent roll.

5. An engaged and high performing staff team

Achievements in 2015/16

- Various training modules and workshops being delivered in-house. This provides opportunities for staff and savings on the use of external trainers
- Training delivered to staff on domestic abuse and ASB management
- Delivery focussed IT training programme. Using digital training to enable staff to train themselves at convenient times.

Work planned for 2016/17

- Training for contact centre staff on first time resolution
- 'Learning by doing' approach to training that is targeted to identified skills needs
- Business partnering approach being adopted by HR
- Develop more joint working between departments
- Develop provision of internal trainers

Operating and financial review

6. Access to our services will be digital by default

Achievements in 2015/16

- Reduced file storage by 50%
- Migrated the onsite DR data centre into an offsite third party site, releasing space
- Carried out a service improvement plan to reduce call drivers and increase efficiency in the service desk and business
- Delivered 90% of all service plan IT improvement projects
- Driving digital by default design agenda- enabling online services and reducing interaction
- Electronic case management enabling smarter working within Care & Support
- Increased use of Qlikview has saved time in performance analysis
- Real time business information, supporting improvements in income collection (£2m reduction in current arrears) and complaint answering (62%)
- Improvement in complaints responded in target
- Increased focus on performance management resulting in performance improvement.

Work planned for 2016/17

- Go live with an app & portal to enable customers to manage their accounts and customer information
- Go live with the asset and management system to enable better strategic management of our portfolio
- Commence implementation of IS027001, reducing risk of data loss
- Improving data quality – introducing Informatica to automate data quality processes
- Migrate bespoke temporary housing system to a standardised platform
- Smart technology pilots and increased use of existing reporting tools within Care & Support
- Introduction of multimedia centre within the Contact Centre
- New HR and Payroll software more integrated as part of core systems with improved capability.

7. Financial management, better budget management and improving VfM

Achievements in 2015/16

- £176,000 saved due to legal work being undertaken in-house
- Greater scrutiny of legal spend which resulted in £100,000 further saving against budget
- £20,000 saved by Health & Safety officers by identifying unnecessary fire risks works
- Procurement of surveys for asbestos and legionella saving £250,000
- 10% saving on contact centre staffing costs following restructure including savings on London weighting by relocating contact centre staff to Chelmsford from London (£80,000 per annum over three years)
- Removal and outsourced repairs service provider resulting in £90,000 savings
- Top quartile for rent and service charge income collection
- Continued reduction in rent arrears (£4.4 million over three years)
- Redesign of staffing models leading to savings of circa £742,000 per annum in Communities directorate.

Work planned for 2016/17

- Review of out of hours service within the contact centre
- Introduce procurement framework for Portfolio Management
- Targeted savings of £3.5m included in the 2016/17 budget.

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 below 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.

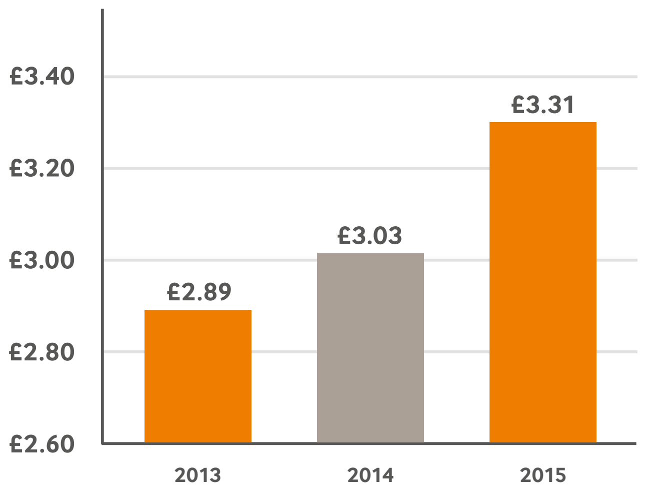
At the point of this report 2015/16 information was not available.

Capital values (£bn)

The total capital value of Genesis' owned assets equates to £3.3bn. There has been an increase of approximately 15% in capital values of Genesis' asset base between 2013 and 2015.

	2013	2014	2015
Capital values	£2,887.7bn	£3,033.6bn	£3,308.1bn

Capital values (£bn)



Income and capital return

Return and operating cost comparators

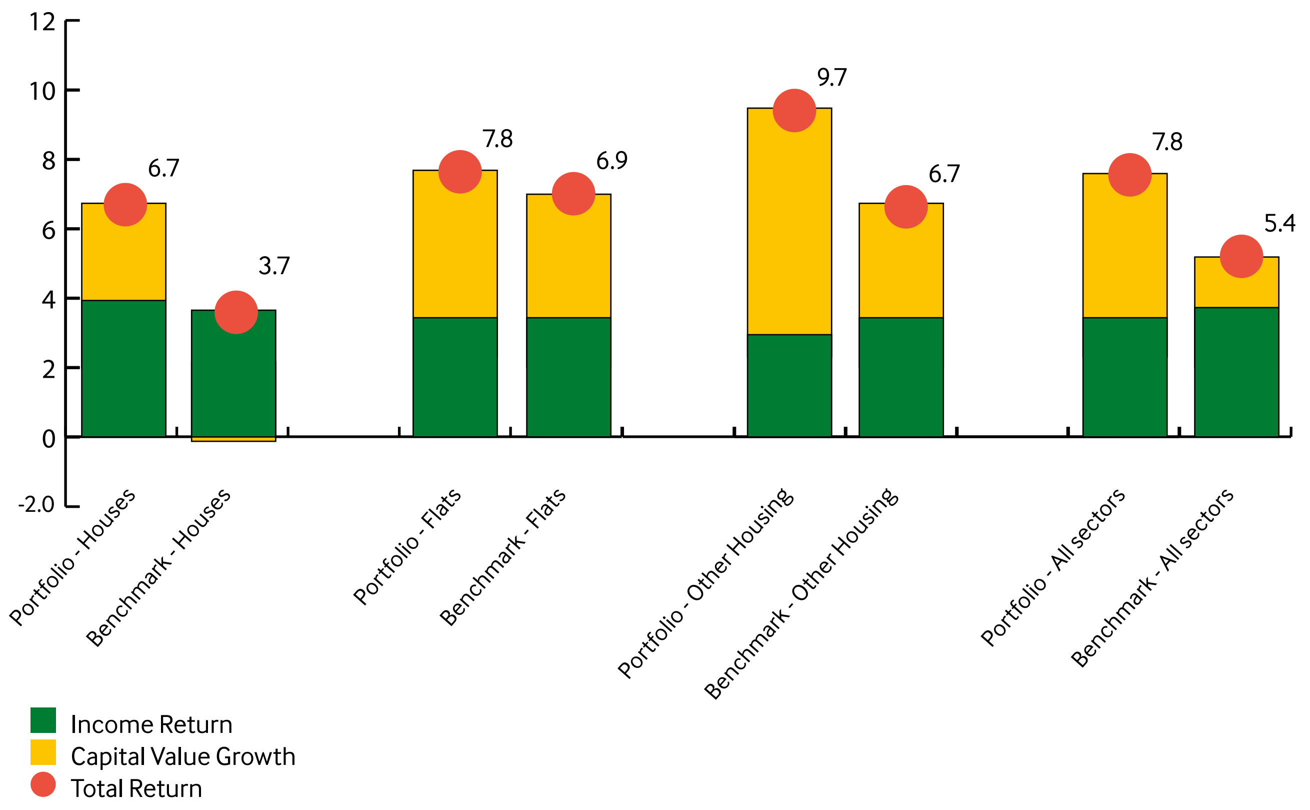
	2015	2014	Benchmark
Total return	7.8%	5.6%	5.4%
Capital growth	4.0%	3.2%	1.67%
Income return	3.6%	2.3%	3.7%
Turnover	9.8%	6.0%	6.4%
Operating costs as % of g.i.	23.6%	25.9%	44.0%
Operating costs per property	£1,337	£1,437	£2,141
Voids as % of MR	1.9%	2.6%	1.5%
Rent passing growth%	3.2%	4.5%	5.0%

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 annual growth in 2014/15 was 7.8% (4.0% capital, 3.6% revenue), higher than the benchmark group. Genesis' capital growth is in the top quartile against the benchmark group. This is an increase from 2014 from 6.8% total return from the portfolio

Operating and financial review

Components of return



Operating costs

The Operating cost base has reduced by 2.3 % to 23.6 % of gross income. This compares very favourably to the benchmarking group, which is significantly higher at 44%.

	Genesis					BMK
	Houses	Flats	Other Housing	Total 2015	Total 2014	Total 2015
As % of gross income	17.2	21.2	48.2	23.6	25.9	44.0
£ per m^2	13.5	22.1	36.2	20.7	22.5	33.5
£ per property	1,100	1,261	1,865	1,337	1,437	2,141

Operating and financial review

Policy impact and income return

The graphs below show the social dividend created by our investment in social housing rather than market properties.

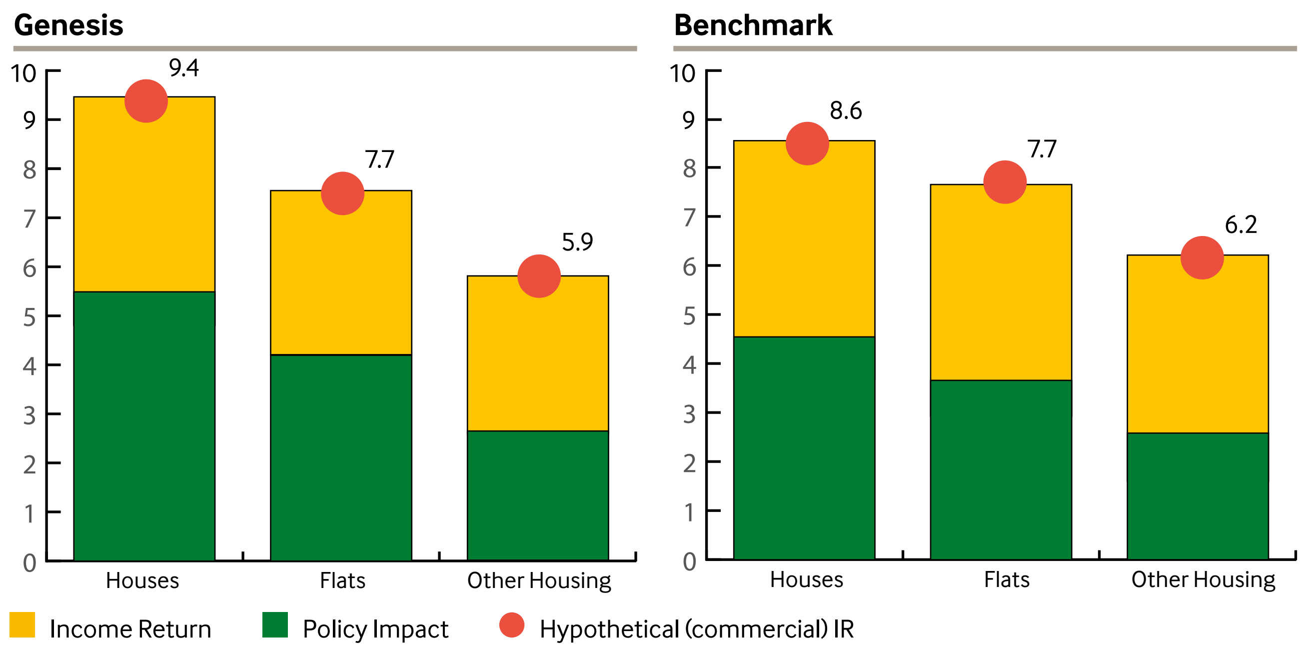
The policy impact on all sectors is greater than the benchmarking group, with houses generating the greatest income return.

For houses, the income return - had our money been invested in the same areas in market rent tenures – would have been 9.4%. Therefore the social dividend (or income foregone) generated from our stock equates to 5.5%.

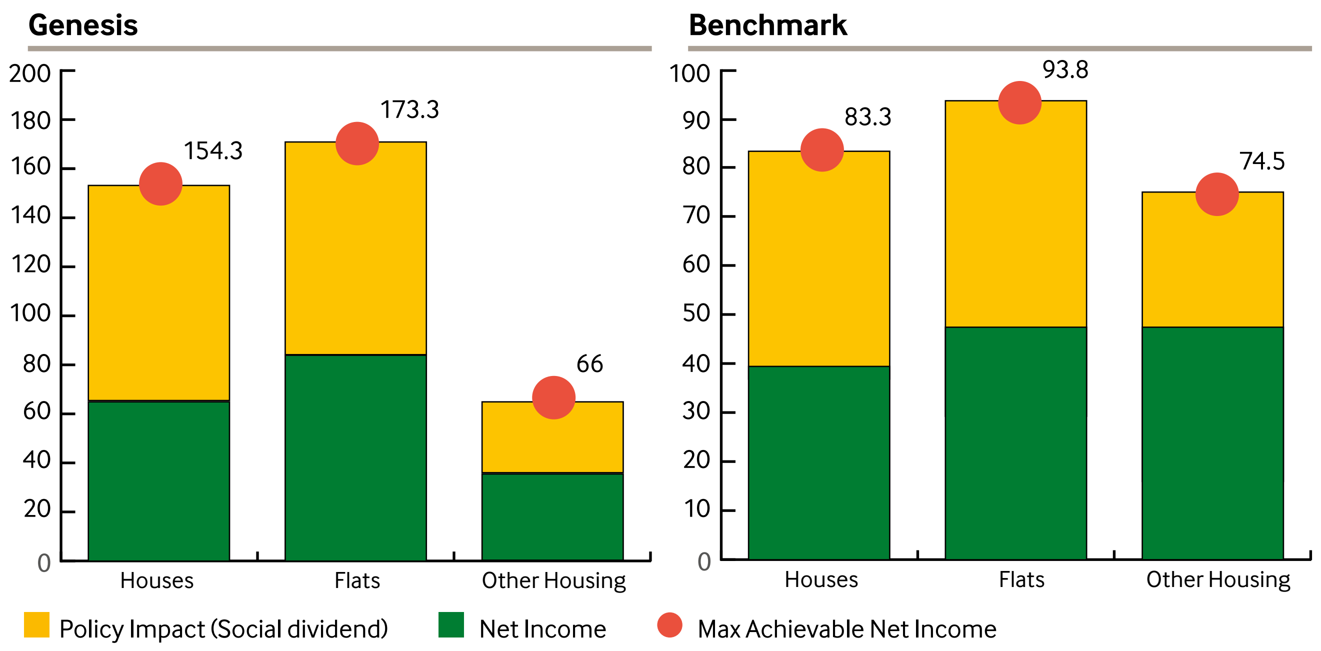
For houses, out of a potential (theoretical) commercial income of £154.3 p/m2, the income sacrificed, had our money been invested in the same areas in market rent tenures, would have been £89 p/m2.

That is, 42.3% of our income has been sacrificed as a result of Genesis' social purpose.

Income return and social dividend



Policy impact (£ per sqm)



Operating and financial review

Procurement

Genesis Procurement Team have been developing new and creative ways to deliver value for money, increased services and better defined services from existing contracts. It is critical in a time when the market and sector is changing to ensure our strategic partnerships are robust and able to work in developing new ways of delivering services and products.

We have been working with our partners to ensure they continue to see us as strategic customers and therefore come to us with new ideas and improved services. It is also vitally important that we share our corporate goals with these partners to ensure they understand our direction of travel and can actively contribute to the delivery of our strategy. We have so far received proposals from Capita, Retinue (RG), Kier and Winckworth Sherwood and are working with partners from across the business to leverage our volumes and spend.

We have also developed a suite of frameworks and will be commercially selling these along with our services to other housing associations, in an attempt to be a cost neutral/profit centre in the next 24 months. We have had conversations with other like-minded associations to develop and produce ventures that capitalise on the volume and relationships we have across the supply chain.

We started the 2015/16 with a savings target of £1.5m from across the business.

	No.	Estimated	Delivered	Difference
Cost avoidance	31	£3,000,000	£4,386,444	£1,386,444
Cost saving	19	£1,500,000	£1,749,823	£249,823
	50	£4,500,000	£6,136,267	£1,636,267

The final outturn is reflected in the table above.

The savings identified are made up of two categories:
1. Cost avoidance – e.g. negotiating to avoid a price rise (no direct budget impact)
2. Costsaving – budget decrease as a result of a change in services or re-tendered (budget reduction).

Procurement 2016/17 savings target

Over the past four months, Procurement has been working with Genesis' business areas to agree service plans and requirements for tenders and renegotiations during the year. This work indicated that a savings target of £2m was feasible. This would be achieved by going back out to market and running a fairly standard strategic approach to procurement and market engagement.

During the last round of budget planning it was apparent that we needed to be more aggressive with the savings the business needed. The Senior Leadership Team identified an additional £3.8m saving opportunities, largely through a reorganisation of Neighbourhoods, Customer Insight and Business Assurance and Research teams.

The Procurement team also reviewed the potential savings it could make across the business with being more aggressive with the market and changing the approach to some originally difficult discussions. We have looked at the potential opportunity to increase the savings target and will review the outsourcing options for transactional areas across the business.

The 2016/17 savings target is £3.5m; this is cashable savings identified and removed from budgets. We will also be targeting a further £3m of in-contract savings which are declared annualised savings from long term contracts.

All savings will be monitored by Procurement: in the case of cashable savings, we will be identifying the savings prior to the tender and then confirming savings post tender.

Added Social Value activities

Our added value through our social and economic activities is embedded as a key cross cutting theme within our organisational culture. We recognise its importance and necessity, as it enables us to achieve our strategic aims and objectives of the Corporate Strategy, specifically, 'Improved wellbeing of the communities we serve' and the Corporate Social Responsibility Strategy (CSR).

The social value activities commissioned or directly delivered engaged with residents and supported them to improve their social and economic wellbeing. The desired longer term outcome is that residents are supported to become self-reliant through securing employment or starting their own business. Wellbeing activities were also delivered in partnership with third sector organisations, mainstream services and colleges to garner local expertise and knowledge to maximise our impact and achieve value for money. Specific activities are;
- Employment support
- Apprenticeships
- Volunteering
- Training and upskilling
- Enterprise and business start-up support
- Work placements
- Money management workshops and 1-2-1 support
- Reducing residents debt
- Residents accessing health related services.

The approach taken to partnership working is delivering added value through the design of social and economic interventions across Genesis. This includes the creation of blueprints and toolkits, the development and communication of best practice in social and economic regeneration, commissioning programmes, funding identification and opportunities for collaboration.

Social and economic initiatives in 2015/16 made a significant contribution to improving the well-being of our communities, and realised a HACT social value of £3.7m against a target of £3.4m. Genesis also leveraged £292,000 external funding from a variety of sources in 2015/16 to support residents across key neighbourhoods and communities, including:
- £100,000 Community Development Finance Institute (ERDF) (Genesis wide)
- £72,000 London Borough of Barnet (Grahame Park)
- £120,000 European Social Fund (Woodberry Down).

Social and economic activities achieved the following outputs;
- 183 residents into employment
- 41 Apprenticeship starts
- 719 residents into training
- 476 residents into volunteering
- 12 new business start-ups launched
- 47 residents into work experience opportunities
- 29 residents on business start-up capacity building programme
- 317 residents accessing money management services
- 45 residents reporting reduction in debt
- 282 residents accessing health related services.

Genesis Wellbeing Fund

The establishment of a Genesis Wellbeing Fund was developed through the CSR Wellbeing group. Sponsored by Elizabeth Froude, it is a means of responding to identified gaps in provision and support to improve the wellbeing of Genesis residents. Grants from £5,000 to £50,000 were made available for organisations to apply for to support local projects.

Nine third sector and community groups successfully applied to the inaugural Genesis Wellbeing Fund and grants of £139,268 were awarded in March 2016. The successful projects will deliver 32 residents into employment; 10 new business start-ups; 169 training places; 91 volunteers; 43 work experience opportunities and £1.9m HACT social value with a social return on investment of £13 for every £1 invested by Genesis.

Tenancy Fraud
- We recovered 16 properties where there was suspected tenancy fraud. Using Cabinet Office figures of a recovery being worth £75,000 has a value of £1.2m
- Eight investigations were carried out by local authorities at no cost to Genesis with an approximate value of £5,000.

Financial Inclusion
- Access to banking services is increasingly essential, helping residents to deal with Universal Credit, gain employment, access services and information and lower household expenditure. Since the launch of our partnership last year with London Plus Credit Union, over 140 staff and residents have signed up. As a result of this banking offer we have residents with nearly £31,000 in savings and £38,000 in community benefit
- The East London CAB commissioned to deliver debt and welfare benefits advice to residents on Woodberry Down and supported 198 residents, with

Operating and financial review

a total reduction in debt of £123,206, and a total of £104,970 benefits gained for residents

- Our Financial Inclusion Officers have worked with 115 new cases last year and our Welfare Benefit Advisors have assisted 301 customers and gained £291,000 in income for claimants
- 80% of the cases closed by the Tenancy Support Team had arrears at referral and 70% of these had a decreased account balance at case closure. The total reduction of these account balances was £99,869 with £191,168 in additional income gained for customers.

Procurement ITT Framework

As part of the procurement ITT framework a 'social value' pre-requisite was incorporated for any organisations seeking to bid for Genesis contracts. Tendering organisations are required to include this approach and offer against a set of CSR focussed criteria as part of their bid. This includes the number of apprentices, local labour, training and skilling for residents, workspace and work placements. A recent example is the £20m estate services ITT contract for which Genesis have stipulated that bidders should incorporate initiatives/activities or funding to the value of at least 1.5% (£300,000) of the contract value into their tenders. Genesis is the first organisation to use the 'Social Value Exchange' model (similar to e-bay in that bidders try to outbid each other), and Firesouls will be responsible for monitoring and reporting outputs/outcomes to Genesis as part of their management remit.

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**
Imani Douglas-Walker	5,958	-	-	**5,958**
Stephen East	10,000	-	-	**10,000**
Bruce Mew	10,000	-	-	**10,000**
Colette O'Shea	6,500	-	-	**6,500**
David Turner	10,000	-	-	**10,000**
Eugenie Turton	10,000	-	-	**10,000**
Independent Committee Members				
Brian Ansell (Resigned 31/07/2015)	2,167	-	-	**2,167**
Myra Barnes	3,250	-	-	**3,250**
Glen Beatham	3,250	-	-	**3,250**
Peter Coleman	3,250	-	-	**3,250**
Nicholas Feaviour	3,250	-	-	**3,250**
Peter Roberts	3,250	-	-	**3,250**
David Shields (Resigned 31/07/2015)	1,883	-	-	**1,883**
Executive Directors				
Neil Hadden – Chief Executive	212,500	13,181	10,029	**235,710**
Elizabeth Froude – Executive Director of Resources	150,000	11,869	1,535	**163,404**

The salary and fees of the Chief Executive and Chairman on a £ per unit basis were £7.3 and £0.62 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	146,151	8,641	2,129	**156,921**
Laurice Ponting	140,589	11,124	1,457	**153,170**

The future outlook

2015 saw the election of a majority Conservative government, against the expectations of many. The new administration has introduced much policy change that has impacted directly on our business and that of the sector more widely, including legislation to extend the right to buy to housing associations, confirmation of £12 billion savings from the welfare budget, reductions in housing association rents, changes to planning proposals, the introduction of a living wage and changes to regulations impacting on private landlords. At around the same time, the Office for National Statistics has placed the entire sector into the 'public sector' for the purposes of PSBR measurements and the Government has initiated a review of the regulatory regime in which we operate. Changes to the benefits regime in the supported housing sector also have a significant potential impact on our business.

Criticism of the sector by senior Government figures has laid down the gauntlet to housing associations to look to ensure greater levels of operational efficiency, an increased focus on VfM and a drive for consolidation to create economies of scale and increased capacity to build more homes to help meet the Government's self-imposed target of one million new homes by 2020.

Genesis has worked hard to mitigate the risks associated with this unprecedented policy landscape. At the same time however, the Association has been almost uniquely clear that there are as many opportunities ahead as there are threats.

In 2013 the Government announced changes to rent policy allowing housing associations to increase rents by CPI plus 1% for ten years. This is the basis on which Genesis has developed its business plan. In the 2015 summer Budget it was announced that this would change to a reduction of 1% per year between 2016/17 and 2019/20.

The extension will be funded by the sale of high value council properties with the proceeds being used to both recompense housing associations for the discount amount and to pay for the building of new homes. The GLA has carried out a broad assessment of the impact of this element of the policy in London and estimate that up to 4,500 council homes in London could be sold off under the proposals, with the majority being family homes.

Genesis does not oppose the introduction of this legislation which will provide opportunities for our customers to purchase their home – however small in number. It also provides an added strand to effective asset management, which we are publicly championing.

A new Mayor of London has also added further to the policy pressures on housing associations. Sadiq Khan has made clear his strong ambition to increase affordable housing – he has publicly declared that half of all new housing built in London between 2016–2020 must be affordable. This demand will require greater levels of flexibility in new builds, but as a social business, we see this as welcome.

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, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

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

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

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015 and the Registered Social Landlords Determination of Accounting Requirements 2012.

The Board has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

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

Corporate governance

The Board

The Board comprises seven non-executive members and two 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 ensure 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.

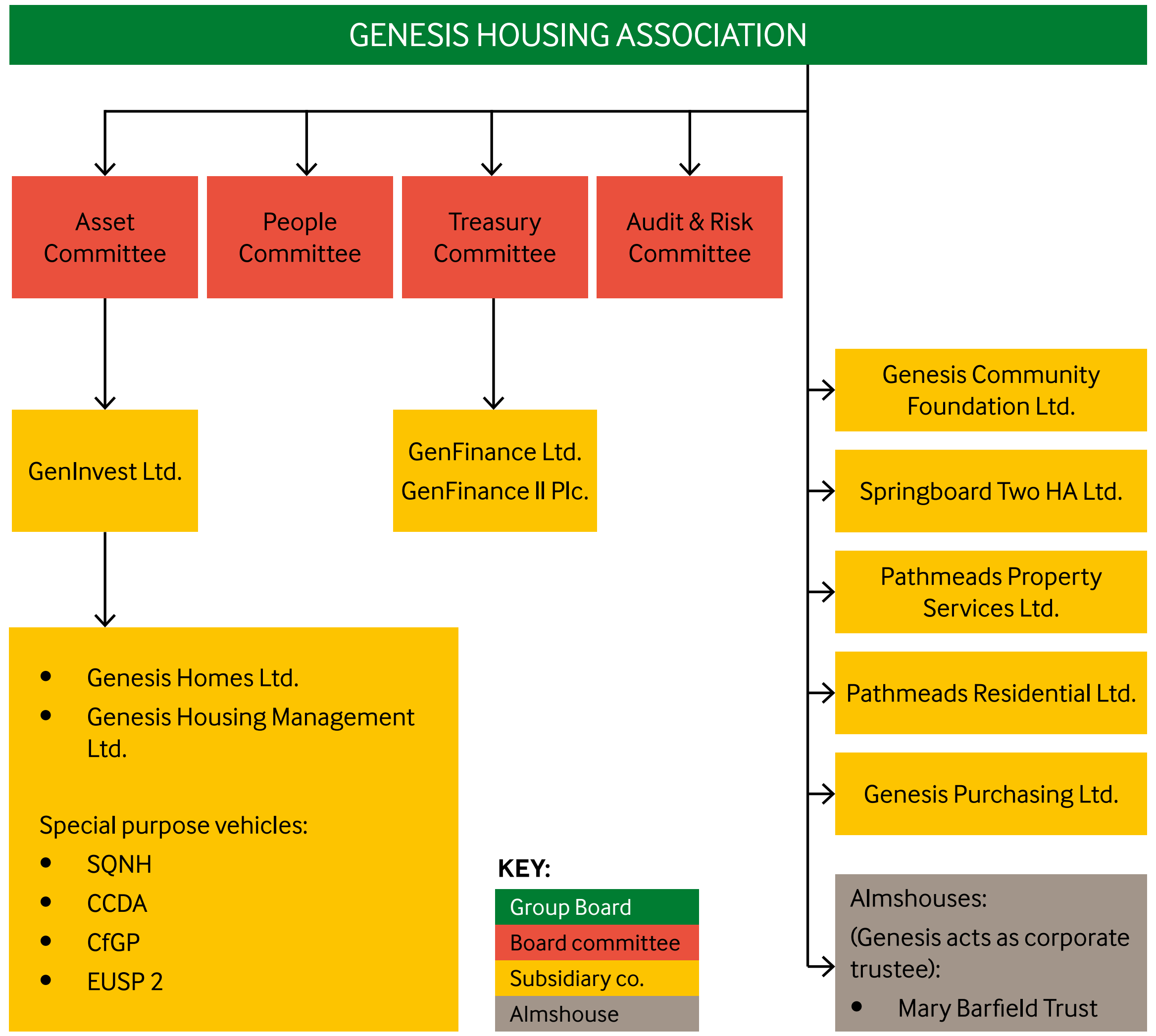
All Members of the Board are required to formally declare any interests that they may have (either pecuniary or otherwise), which may result in actual or perceived bias.

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.

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

Genesis Housing Association structure, 31 March 2016



During the year each committee reported regularly to the Board on the discharge of its function. Terms of Reference for each Committee were reviewed by the Board in March 2016 to ensure that they remained fit for purpose.

Report of the Board

Key areas of work during 2015/16

The following topics are the key matters considered by the board during 2015/16

New Corporate Plan

In April 2015 the Board signed off a new statement of purpose and a corporate vision for Genesis. The Board also agreed a new Corporate Plan which sets out the objectives of Genesis for the next 5 years, organised under seven main aspirations and areas of activity, as follows:

- Improved customer satisfaction with our services
- Improved wellbeing of the communities we serve
- Concentrating on our core areas
- Investing in at least 5000 new homes
- An engaged and high performing staff team
- Access to our services will be digital by default
- Improved financial surplus

Performance Improvements

The Board developed its approach to analysing and monitoring our performance against internal and external benchmarks. It set itself challenging targets to improve year-on-year through the annual planning process. Performance against key indicators is given below:

- Income Collection = 100.3% against a target of 100.2%
- Voids = 2.7% against a target of 1.9%
- Current tenant arrears, which have achieved 4.8% against a target of 5.5%
- HACT Social Value achieved = £3,835,798 against a target of £3,390,409
- Overall satisfaction with repairs service (Bright) 73.6% against a target of 74%
- Complaints and member enquiries responded to in target = 88.7% against a target of 85%, up from 55% in March 2015.

Health and Safety

Genesis is committed to providing a healthy and safe environment for our customers, staff and visitors. We have undertaken extensive work in checking health and safety compliance during 2015/16. This work has resulted in significantly improved information and documentation on health and safety compliance. The board was kept appraised of its statutory duties during this project and at key points when it has considered the information being presented to it. The Board has confirmed that it is satisfied that it has maintained its overall statutory compliance in these areas.

Improve Customer Accountability

Customer participation is achieved through scrutiny and consultative panels, local resident and topic-focused groups. Key activity during 2015-16 included:

- Establishing a structured approach to involving customers in policy reviews, which has led to improvements such as improving language, removing jargon, ensuring changes are communicated effectively to customers and giving confidence that the policies are fit for our intended audience
- The introduction of a new Customer Learning & Development Plan. Regional Committee & Scrutiny Panel members now have access to the Digital Learning Zone, and courses (some accredited) such as Train the Trainer, Public Speaking, Money Mentors, Scrutiny, Effective Meeting Skills, Sign Language & Mental Health have been provided or scheduled for 2015/16
- Partnership working with the Volunteering Team to support disabled residents – The Customer Disability Forum supported the set-up of a volunteering gardening programme, leading to 49 gardens being cleared for disabled residents, providing work experience for volunteers and helping a number of them to gain employment.

The Board continues to encourage and foster greater resident involvement in its decision-making structures. The proposed establishment of a new Customer Services Committee with specific delegated powers will further strengthen links and improve the effectiveness of governance; ensure the accountability of the Board; and will increase transparency for customers on Genesis' strategic direction.

Board and Committee Effectiveness Review

The Board recognises that it needs to continually monitor and improve its performance and effectiveness. This is achieved through an annual performance evaluation.

An internal performance evaluation was carried out this year. Each Board member completed a confidential questionnaire, designed by the Company Secretary. The Company Secretary prepared a report based on the completed questionnaires for the Chair. The Board members were asked for their views on, amongst other things: strategic oversight; risk management; and priorities for training. Each Board committee also undertook a specific self-assessment questionnaire.

This year's findings included that the Board has a sound process for regularly reviewing strategic risks and adequacy of the controls management has put in place to mitigate risk. However, the Board should: continue to develop succession planning for Non-Executive Directors; consider how to enable more discussion on the operating environment and emerging issues facing the organisation; continue to refine the presentation of performance metrics and other operational information.

The Board will continue to review its procedures, its effectiveness and development in the financial year ahead.

Board and Committee Attendance

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

	GHA Board	Assets Committee	Treasury Committee	Audit & Risk Committee	People Committee	Genesis Community Foundation
NO. OF MEETINGS	**7**	**5**	**5**	**5**	**4**	**3**
GHA Board Members						
Charles Gurassa	7	-	-	-	-	-
Neil Hadden	7	4	5	-	-	3
Bruce Mew	7	-	5	5	-	-
Colette O'Shea	5	3	-	-	-	-
David Turner	5	4	-	5	4	-
Elizabeth Froude	7	4	5	-	-	3
Eugenie Turton	6	-	-	4	4	-
Imani Douglas-Walker	5	-	-	-	3*	3
Stephen East	6	-	5	5	-	-
Committee and Subsidiary Board Members						
Glenn Beatham	-	-	3	-	-	-
Ian Agnew	-	-	-	-	-	1
Myra Barnes	-	5	-	-	-	-
Nicholas Feaviour	-	-	5	-	-	-
Peter Coleman	-	4	-	-	-	-
Professor Peter Roberts	-	3	-	-	-	2

NOTES

* Resigned with effect from 16 February 2016

Report of the Board

Risk management

Genesis has an embedded risk management structure. This ongoing process to identify, evaluate and manage risks faced by the Group has been in place throughout the year and up to the date of the approval of the financial statements. The principal risks are scored in terms of probability and impact against financial loss and resource/reputation factors. The process provides assurance to successive levels of management that risks and controls are being properly identified, and material risks can be escalated up to Board level for consideration as required.

Each directorate within Genesis maintains its own risk register. These are reviewed quarterly and summary reports considered by the Senior Leadership Team. The Audit and Risk Committee, and through it the Board, receives quarterly updates on strategic business risks.

The Audit and Risk Committee has received the Chief Executive's annual report on the effectiveness of internal control systems. The Board has reviewed the effectiveness of the system of internal control, including risk management, for the year to 31 March 2016 and up to the date of signing these financial statements. It has not identified any weaknesses sufficient to cause material misstatement or loss which requires disclosure in the financial statements.

During 2015/16, we reviewed our risk management strategy and developed a risk appetite statement. The risk appetite statement sets out the risk and opportunity boundaries set by Genesis' Board. There are quantitative boundaries (relating mainly to development, financial and investment boundaries) and qualitative boundaries (relating to the degree of risk taking and innovation tolerated by the Board in relation to our key business objectives).

An illustrative extract, showing the qualitative risk boundaries and how these are applied to one of our high level strategic outcomes is given below:

Risk Appetite	NONE	MINIMAL CAUTIOUS	MEDIUM MODERATE	HIGH INNOVATIVE
Qualitative risk boundaries	Risk taking not tolerated	Preference is for safe delivery options, low inherent risk	Can consider all delivery options, chosen options to provide reward/value for money	Innovative options with greater inherent risk can be considered where offering potentially higher rewards. Quantitative risk boundaries act as restraint for investment/ development and finance
OBJECTIVE 1 Improved customer satisfaction with services				
Customer Service				
Stakeholders/Reputation				
Health, Safety & Environment				
Regulatory Compliance				
Safeguarding				
Legal				
Suppliers/Contractors				
Care & Support				
Repairs/Property Services				
Multi-tenure Management				
Homes & Neighbourhoods				
Business Continuity				
Governance				

Our key strategic risks as at March 2016 are set out in summary below. These risks change as the environment we operate in changes but our 'live' risk management ensures that we report our most up to date strategic risk profile to our Board:

- Failure to meet Health and Safety requirements
- Failure to take account of opportunities and challenges set by the 2015 budget
- Loss of income due to welfare reform
- Failure to maintain stock to the required level
- Cumulative risks not understood or reported
- Safeguarding or other Duty of Care standards
- Failure to meet customer service standards
- Our IT strategy is not properly planned or resourced
- Liabilities not fully understood or recorded
- Ability to identify, attract or retain suitably skilled staff or Board members
- Failure to have a plan in place to deal with the business failure of a key contractor.

Internal Controls and assurance

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

The Board recognises that the system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss. GHA's 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 part of our commitment to continuous improvement we reviewed and re-developed our assurance framework early in 2015/16 to improve efficiency in reporting, visibility of issues and actions being done to address them. Key aspects of the redevelopment were:

- Establishing a system of quarterly Director's Assurance Statements which are designed to record details of any material internal control breaches or other issues with internal controls within a directorate. The outcomes of the quarterly statements and progress in delivering actions agreed as a result of them are considered by the Senior Leadership Team prior to consideration at the Audit and Risk 'Clinic' (a meeting of the Executive Team, also known as ARC)
- Putting details of the recommendations from all internal audit and business assurance reports on to the Clearview system. This enables managers and Directors to maintain visibility of actions and progress in a live system.

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, key elements of the assurance framework are:

- An Audit & Risk 'Clinic' (ARC) which meets before each Audit & 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, conducts 'lessons learned' investigations and supports the business in its compliance assessments. Reports on the outcomes of

reviews and progress in addressing recommendations arising from them are considered by ARC and the Group Audit and Risk Committee
- An in-house Health & 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 (e.g: fire, legionella, electrical and mechanical safety). Regular reports are submitted to the Executive Team and the Board.

The Board was, for the first time, required this year to formally certify compliance with the HCA's revised Governance and Viability standard and supporting Code of Practice. A detailed, evidence based assessment against each element of the new Standard and Code was carried out in preparation for making a statement of compliance to the Board. The Board approved the statement and formally certified its compliance with the Standard and Code at its meeting on 22 March 2016.

Safeguarding

2015-16 saw a significant change in the statutory context for adult safeguarding with the implementation of the Care Act 2014. Key actions taken to meet its requirements and improve safeguarding at Genesis included:
- Appointing a Head of Safeguarding in 2015 to take a lead role in organisational and inter-agency safeguarding arrangements
- Developing safeguarding policies and procedures for both safeguarding adults and safeguarding children and establishing a Safeguarding Strategy to ensure that the new statutory requirements are effectively implemented
- Safeguarding e-learning has been introduced as a mandatory module for all staff. In addition to the e-learning, 242 staff received face to face training. A tailored training schedule has been developed and will be rolled out across 2016/17
- Introducing new reporting mechanisms to the Communities Management Teams, Senior Leadership Teams, Executive and the GHA Board to provide visibility of safeguarding cases and management and ensure that procedural compliance is enhanced
- Revising the Governance structure around safeguarding to ensure appropriate assurance around procedural compliance, risk management and service improvement in safeguarding. The new structure consists of a Case Review Group (to ensure any learning is captured and implemented), an Operational Group (to review and resolve operational performance and any barriers) and a Safeguarding Committee (to oversee strategic direction of safeguarding and ensure any risks are appropriately managed)
- Establishing and chairing the London Housing and Safeguarding Group- a pan London group introduced to share best practice and increase representation of Housing Providers on Safeguarding Boards in order to shape safeguarding provisions across London and improve partnership working.

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 2015/16 included:
- Services to Residents:
  - Rent and service charge collection, arrears management, repairs, customer contact centre, development and planned and cyclical maintenance
- Protecting people:
  - Safeguarding, Gas Safety
- Corporate systems:
  - Business plan stress testing, anti-bribery and fraud, human resources, data protection, data quality, regulatory compliance (asset and liability register).

Systems design ratings have been mainly 'moderate' or 'substantial' during the period. The ratings for operating effectiveness have improved over the year and are now more consistently 'moderate' or 'substantial'. The Board has recognised both the need to continue to improve in these areas and that Genesis focuses its internal audit work on areas where there is a high risk of control failure or where management considers that there may be control weaknesses. Progress in delivering remedial management actions is monitored by the Group Audit & 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 2016/17 has been constructed around key strategic and operational risk areas.

Fraud

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 & Risk Committee.

The fraud register is reviewed by the Executive Team and Audit & Risk Committee every quarter. During 2015/16 there was a small amount of tenancy fraud reported but no non-tenancy fraud. This will be included on the annual fraud return to the regulator.

Anti-bribery and Whistleblowing

Genesis is committed to maintaining the highest possible ethical standards in all of its business activities.

Genesis' Anti-Bribery Policy makes clear that we have zero tolerance of any form of bribery. The Policy was revised and reissued in October 2015.

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

Effectiveness of the Internal Control Framework

The internal control framework is designed to identify, evaluate and manage significant risks to GHA. 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.

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 Code 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.

We hold Quarterly Executive Roadshows where staff can engage with the Executive Team directly.

The Employee Engagement Action Group, comprising staff from across Genesis, has oversight of organisation-wide initiatives.

The annual staff conference provides an opportunity for staff to get together, celebrate our successes and hear about what the year ahead holds for us and the part they are expected to play in delivering our new Corporate Strategy.

Genesis is accredited by Investors in People (IiP). The assessment revealed a marked improvement in the learning and development offer and greater employee engagement which we continue to build on.

We also conduct an Employee Engagement Survey on a regular basis. Actions from both the survey and IiP report will be overseen by the Employee Engagement Action Group and People Committee.

A Code of Conduct is in place which sets out Genesis' expectation of employees with regard to quality of service and honesty and integrity.

Diversity & 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.

Environment

Environmental awareness

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

This programme is an integral part of the organisation's Corporate Social Responsibility Strategy and is supported by the Environmental Policy Statement 2015. During the course of the coming year, Genesis is launching a number of projects to achieve our 3 key aims:

- Supporting people to live sustainably and to lower the cost and use of energy in homes
- Making homes more energy efficient, safer, and affordable to run and maintain
- Creating high performing services by minimising our use of resources and waste, and by setting high environmental standards for our offices and supply chain.

At the end of 2014 Genesis underwent a detailed benchmarking exercise (SHIFT) and achieved the Silver Standard. This compared its 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. Genesis has set itself an ambitious target of meeting SHIFT Gold Standard by 2016 and Platinum by 2020.

Political and charitable contributions

During the year, the Genesis Community Foundation, which invites applications from organisations seeking to improve the lives of Genesis residents, awarded grant funding of £83,357.

Genesis made no contributions to political parties or incurred any political expenditure during the year.

Other matters

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 19 September 2016.

By order of the Board

C. Gurassa

Charles Gurassa
Chair

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

Independent auditor's report to Genesis Housing Association Limited

We have audited the financial statements of Genesis Housing Association Limited for the year ended 31 March 2016 set out on pages 43 to 111. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

This report is made solely to the Association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the Association those matters we are required to state to it 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 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 25, 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 31 March 2016 and of the income and expenditure 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 2015.

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.

Andrew Sayers (Senior Statutory Auditor)
for and on behalf of KPMG LLP
Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL
United Kingdom

Date: 30 August 2016

Statement of Comprehensive Income

Year ended 31 March 2016

	Note	**2016 Group £m**	2015 Group £m	**2016 Association £m**	2015 Association £m
Turnover	4,5,9,10	406.4	359.6	380.3	351.9
Cost of sales	4,5,9,10	**(119.7)**	(91.0)	**(93.8)**	(83.9)
Gross surplus		**286.7**	268.6	**286.5**	268.0
Operating costs	4,5,9,10	**(197.8)**	(186.3)	**(197.3)**	(183.8)
Impairment	4	**(0.4)**	(0.3)	**(0.4)**	(0.3)
Operating surplus		**88.5**	82.0	**88.8**	83.9
Other comprehensive income					
Interest receivable and similar income	12	**0.4**	1.6	**1.9**	2.1
Interest payable and similar charges	13	**(65.2)**	(61.8)	**(66.7)**	(63.6)
Other finance costs	14	**(1.3)**	0.5	**(1.3)**	0.5
Movement in fair value of financial instruments		**-**	(4.0)	**(0.2)**	(6.1)
Movement in fair value of investment properties		**6.3**	(29.3)	**4.3**	(29.3)
Surplus before taxation		**28.7**	(11.0)	**26.8**	(12.5)
Taxation	15	**(1.4)**	(0.2)	**(1.0)**	(0.1)
Surplus/(Loss) for the year		**27.3**	(11.2)	**25.8**	(12.6)
Remeasurements - impact of changes in pension assumptions		**-**	-	**-**	-
Actuarial surplus/(loss) in respect of pension schemes	34	**5.4**	(15.7)	**5.4**	(15.7)
Unrealised surplus on revaluation of housing properties		**-**	-	**-**	-
Movement in fair value of hedged financial instrument		**(1.6)**	(32.3)	**(1.4)**	(30.2)
Total comprehensive income for the year		**31.1**	(59.2)	**29.8**	(58.5)

All amounts relate to continuing operations.
The notes of pages 43 to 111 form part of these financial statements

Statement of Financial Position

At 31 March 2016

	Note	Group 2016 £m	Group 2015 £m	Association 2016 £m	Association 2015 £m
Fixed assets					
Tangible fixed assets - housing properties	16	**3,020.4**	3,026.6	**3,020.4**	3,011.1
Tangible fixed assets - other	17	**28.8**	29.6	**28.8**	29.6
Investment properties	18	**124.6**	110.1	**113.7**	98.7
Investments - listed at market value	19	**2.6**	2.7	**-**	-
Investments - in subsidiaries	20	**-**	-	**0.9**	0.9
Investments - in associates	20	**2.5**	-	**2.5**	-
		3,178.9	3,169.0	**3,166.3**	3,140.3
Current assets					
Stock	22	**65.9**	102.7	**43.5**	60.3
Debtors - receivable within one year	23	**41.9**	42.3	**165.1**	138.0
Debtors - receivable after one year	23	**2.0**	2.2	**4.3**	5.0
Investments	24	**32.4**	36.0	**32.4**	36.0
Cash and cash equivalents		**116.3**	86.6	**110.0**	80.0
		258.5	269.8	**355.3**	319.3
Creditors: amounts falling due within one year	25	**(134.4)**	(123.1)	**(224.4)**	(152.0)
Net current assets		**124.1**	146.7	**130.9**	167.3
Total assets less current liabilities		**3,303.0**	3,315.7	**3,297.2**	3,307.6

	Note	Group 2016 £m	Group 2015 £m	Association 2016 £m	Association 2015 £m
Creditors: amounts falling due after more than one year	26	**(2,482.0)**	(2,520.3)	**(2,487.5)**	(2,522.3)
Provision for liabilities	33	**(1.4)**	(1.8)	**(1.4)**	(1.8)
Net assets excluding pension liabilities		**819.6**	793.6	**808.3**	783.5
Pension liabilities	34	**(30.3)**	(35.4)	**(30.3)**	(35.4)
Net assets		**789.3**	758.2	**778.0**	748.1
Reserves					
Cash flow hedge reserve		**(27.5)**	(25.9)	**(27.1)**	(25.9)
Income and expenditure reserve		**395.4**	363.7	**386.3**	356.5
Revaluation reserve		**418.3**	417.3	**418.6**	417.3
Restricted reserve		**3.1**	3.1	**0.2**	0.2
		789.3	758.2	**778.0**	748.1

The notes on pages 43 to 111 form part of these financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 25/08/2016.

Neil Hadden
Director

Elizabeth Froude
Director

Hilary Milne
Company Secretary

Statement of Reserves

Year ended 31 March 2016

Group	Income and expenditure reserve £m	Revaluation reserve £m	Restricted reserve £m	Cash flow hedge reserve £m	Total reserves £m
Balance at 1 April as previously reported	**318.9**	**4.1**	**3.1**	**-**	**326.1**
Effects of adoption of FRS 102	44.8	413.2	-	(25.9)	432.1
Balance at 1 April 2015	363.7	417.3	3.1	(25.9)	758.2
Surplus for the year	27.3	-	-	-	27.3
Actuarial gains / (losses) on defined benefit pension scheme	5.4	-	-	-	5.4
Movement in fair value of hedged financial instrument	-	-	-	(1.6)	(1.6)
Other comprehensive income for the year	**396.4**	**417.3**	**3.1**	**(27.5)**	**789.3**
Reserves transfers:					
Transfer to revaluation reserve from income and expenditure reserve	(1.0)	1.0	-	-	-
Balance at 31 March 2016	**395.4**	**418.3**	**3.1**	**(27.5)**	**789.3**

Association	Income and expenditure reserve £m	Revaluation reserve £m	Restricted reserve £m	Cash flow hedge reserve £m	Total reserves £m
Balance at 1 April as previously reported	**321.1**	**4.1**	**0.2**	**-**	**325.4**
Effects of adoption of FRS 102	35.4	413.2	-	(25.9)	422.7
Balance at 1 April 2015	356.5	417.3	0.2	(25.9)	748.1
Transfer from reserves	-	-	-	-	-
Surplus for the year	25.7	-	-	-	25.7
Actuarial gains / (losses) on defined benefit pension scheme	5.4	-	-	-	5.4
Other comprehensive income for the year	**387.6**	**417.3**	**0.2**	**(25.9)**	**779.2**
Reserves transfers:					
Transfer to revaluation reserve from income and expenditure reserve	(1.3)	1.3	-	-	-
Movement in fair value of hedged financial instrument	-	-	-	(1.2)	(1.2)
Balance at 31 March 2016	**386.3**	**418.6**	**0.2**	**(27.1)**	**778.0**

The notes on pages 43 to 111 form part of these financial statements.

Consolidated Statement of Cash Flows

Year ended 31 March 2016

	Note	2016 £m	2015 £m
Net cash generated from operating activities		**149.9**	(26.2)
Cash flow from investing activities			
Proceeds from sale of fixed assets		**-**	-
Purchase of fixed assets - housing properties		**-**	-
Purchase of fixed assets – other		**(3.9)**	(12.3)
Purchase of investment in subsidiaries		**(2.5)**	-
Purchase of investment properties		**(21.9)**	(1.5)
Increase/(decrease) from current assets investment		**3.6**	(9.5)
Grants received		**3.8**	8.1
Interest received		**0.4**	0.4
Net cash inflow from operating activities		**(20.5)**	(14.8)
Cash flow from financing activities			
Interest paid		**(69.7)**	(67.3)
Capital element of lease repaid		**-**	-
Interest element of lease repaid		**-**	-
New loans		**48.2**	121.9
Repayment of loans		**(78.2)**	(2.4)
Net cash from financing activities		**(99.7)**	52.2
Net change in cash and cash equivalents		**29.7**	11.2
Cash and cash equivalents at beginning of the year		**86.6**	75.4
Cash and cash equivalents at end of the year		**116.3**	86.6

The notes on pages 43 to 111 form part of the financial statements.

Notes (forming part of the financial statement)

Year ended 31 March 2016

1. Legal status

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

2. Accounting policies

Basis of preparation

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

The Group transitioned from previously extant UK GAAP to FRS 102 as at 1 April 2015. An explanation of how transition to FRS 102 has affected the reported financial position and financial performance is given in note 41.

Basis of consolidation

The consolidated accounts incorporate the financial statements of Genesis Housing Association Limited and its wholly owned subsidiaries. Further details of the subsidiaries are disclosed in note 20. The results of subsidiaries are included in the consolidated Statement of Comprehensive Income from the date of incorporation or acquisition. Subsidiaries acquired during the year are consolidated using the 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

Equity investments

Investments in Associates are not publicly traded and a fair value cannot be measured reliably. They are recognised under the equity method.

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

Listed investments

Listed investments are stated at their market value. Gains and losses on revaluation are recognised in the Statement of Comprehensive Income.

Debtors and creditors

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

Investment properties

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

- Investment properties are initially recognised at cost which includes purchase cost and any directly attributable expenditure
- Investment properties whose fair value can be measured reliably are measured at fair value annually by external valuers. Investment properties are professionally valued annually based on market value. This uses traditional discounted cash flow methodology to capitalise the market rental values at a market capitalisation rate. There is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself. The surplus or deficit on revaluation is recognised in the Statement of Comprehensive Income and accumulated in revenue reserves unless a deficit below original cost, or its reversal, on an individual investment property is expected to be permanent, in which

Notes

2. Accounting policies (continued)

case it is recognised in the Statement of Comprehensive Income for the year. Depreciation does not apply to these properties.

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

Cost includes the cost of acquiring land and buildings, development costs, interest capitalised during the development period, directly attributable administration costs, and expenditure incurred in improving or reinvesting in existing properties.

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

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

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

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

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

Deemed cost on transition to FRS 102
On transition to FRS 102 the Group took the option of carrying out a one-off valuation exercise of selected items of housing properties and using that amount as deemed cost. To determine the deemed cost at 1st April 2014, the Group engaged independent valuation specialist, Jones Lang LaSalle, to value the Land element of housing properties on an existing use value for social housing (EUV-SH). The proportion of the overall valuation assigned to Land by Jones Lang LaSalle ranged from 75-83%. Housing properties will subsequently be measured at cost less depreciation.

Deemed cost has been applied only to land associated with social housing and shared ownership properties where the fair value of the land exceed the historical cost but capped at the fair value of total value of the assets. No fair values at transition date have been applied to either structure or any component.

Any difference between historical cost depreciation and depreciation calculated on deemed cost is transferred to the income and expenditure reserve for the asset concerned.

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

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

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

Leasehold properties are depreciated over the course of the lease term.

The portion of shared ownership property retained or expected to be retained is not depreciated on account of the high residual value. Neither the depreciable amount nor the expected annual depreciation charge for such assets is considered material, individually or in aggregate.

Notes

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

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

Where a government grant is associated with housing properties acquired as part of the stock swap, the obligation to repay or recycle the grant is reflected in the fair value of the housing properties and therefore no additional value should be attributed to the grant transferred.

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

- Grant is recognised in income when the grant proceeds are received (or receivable) provided that the terms of the grant do not impose future performance-related conditions*
- If the terms of a grant do impose performance-related conditions* on the recipient, the grant is only recognised in income when the performance-related conditions* are met
- Any grants that are received before the revenue recognition criteria are met are recognised in the entity's financial statements as a liability

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

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

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

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

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

Social Housing Grant ("SHG")
Government grants are recognised when it is reasonable to expect that the grants will be received and that all related conditions will be met, usually on submission of a valid claim for payment.

Housing properties accounted for at cost recognise related government grants using the accrual model. Grants are held in the Statement of Financial Position under creditors amounts falling due after more than one year and creditors due within one year for amounts amortised in the current year. Grants are recognised in Statement of Comprehensive Income on a straight line basis over the expected useful life of the asset.

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

Notes

2. Accounting policies (continued)

required by Housing SORP 2014.

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

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 Statement of Financial Position under creditors due after more than one year. The remainder is disclosed under creditors due within one year.

Other fixed assets and depreciation
Tangible fixed assets other than housing properties are stated at cost less accumulated depreciation. Depreciation is applied to write off the cost less the estimated residual value of tangible fixed assets on a straight line basis over the expected useful life of the asset. No depreciation is provided on freehold land. The annual depreciation rates are as follows:

Component	Years
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

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

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

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

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

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

Leases
Leases are classified as either operating or finance in accordance with FRS 102 section 20.

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

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

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

Housing properties, stock for sale and work in progress
Housing properties, stocks for sale and work in progress are stated at the lower of cost and net realisable value. Cost is taken as production cost, which includes an appropriate proportion of attributable overheads. Net realisable value is based on estimated sales proceeds after allowing for all further costs to completion and selling costs.

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

Contract work in progress is stated at costs incurred, less those transferred to the Statement of Comprehensive Income, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account. Where payments on account exceed turnover recognised they are separately disclosed within creditors.

Provisions
Provisions are made to meet liabilities which are expected to arise in future years but are of uncertain timing or amounts. Arrears provisions are made and systematically reviewed on an ongoing basis taking into consideration current market conditions, historical write offs and other particular known factors which can affect payment of the amounts. The effect of the time value of money is not material and therefore the provisions are not discounted.

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

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

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

Deferred tax is recognised on 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 Statement of Financial Position date, except if otherwise required by FRS 102. The current tax rate for the period is lower (2015: lower) than the standard rate of corporation tax in the UK of 20% (2015: 20%).

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
In respect of the Group's financial instruments, the Group has adopted FRS102 Financial Instruments Measurement and disclosures (chapters 11 and 12).

Financial Instruments are initially recorded at fair value. Subsequent measurement depends on the designation of the instrument as follows:

- Bonds, loans, short term borrowings and overdrafts are

Notes

2. Accounting policies (continued)

classified as other liabilities and are held at amortised cost using the effective rate of interest

- Group onlending is classified as other debtors and held at amortised cost.

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

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

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 housing and properties developed for outright sale. All turnover arose in the United Kingdom.

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

Interest payable
Interest payable is charged to the Statement of Comprehensive Income as they are 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. Interest on intra-group loans is charged at an arm's length rate.

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

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

Recoverable amount of rental and other trade receivables
The Group estimates the recoverable value of rental and other receivables and impairs the debtor by appropriate amounts. When assessing the amount to impair it reviews the age profile of the debt, historical collection rates and the class of debt.

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

Notes

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

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

- Whether there are indicators of impairment of the group's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset and where it is a component of a larger cash-generating unit, the viability and expected future performance of that unit. The directors have considered the measurement basis to determine the recoverable amount of assets where there are indicators of impairment based on EUV-SH or depreciated replacement cost. The directors have also considered impairment based on their assumptions to define cash or asset generating units
- The anticipated costs to complete on a development scheme based on anticipated construction cost, effective rate of interest on loans during the construction period, legal costs and other costs. Based on the costs to complete, they then determine the recoverability of the cost of properties developed for outright sale and/or land held for sale. This judgement is also based on the directors best estimate of sales value based on economic conditions within the area of development
- The critical underlying assumptions in relation to the estimate of the pension defined benefit scheme obligation such as standard rates of inflation, mortality, discount rate and anticipated future salary increases. Variations in these assumptions have the ability to significantly influence the value of the liability recorded and annual defined benefit expense
- Whether leases entered into by the group either as a lessor or a lessee are operating leases or finance leases. These decisions depend on an assessment of whether the risks and rewards of ownership have been transferred from the lessor to the lessee on a lease by lease basis
- The appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership between current and fixed assets
- The categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset.

Other key sources of estimation uncertainty:

- Tangible fixed assets (see notes 16 and 17):
  Tangible fixed assets, other than investment properties, are depreciated over their useful lives taking into account residual values where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as future market conditions, the remaining life of the asset and projected disposal values are taken into account.
  Investment properties are professionally valued annually using a yield methodology. This uses market rental values capitalised at a market capitalisation rate but there is an inevitable degree of judgement involved in that each property is unique and value can only ultimately be reliably tested in the market itself. Key inputs into the valuations were:
  - Annual rent per square metre: £300 - £700, with a weighted average of £500
  - Capitalisation rate: 4.5% - 5%, with a weighted average of 4.52%.

- Investments (see notes 18 and 19):
  The most critical estimates, assumptions and judgements relate to the determination of the carrying value of investments at fair value through profit and loss. In determining this amount, the Group follows the International Private Equity and Venture Capital Valuation Guidelines, applying the overriding concept that fair value is the amount for which an asset can be exchanged between knowledgeable willing parties in an arm's length transaction. The nature, facts and circumstance of the investment drives the valuation methodology.
  Listed investments are valued at the quoted bid price at the reporting date. Unquoted investments are valued using a price/earnings multiple methodology. The relevant price/earnings multiple is determined by reference to those applying to quoted companies in similar industries after adjustment for the reduced liquidity of unquoted companies. This multiple is then applied to the earnings of the investee company in the period, after adjustments for one-off unusual income or expenditure in the period

- Rental and other trade receivables (see note 23):
  The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on an individual debtor basis to consider whether each debt is recoverable.

Notes

4. Particulars of turnover, cost of sales, operating costs and operating surplus

Group					2016					2015
	Turnover	Cost of sales	Impairment	Operating costs	Operating surplus	Turnover	Cost of sales	Impairment	Operating costs	Operating surplus
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Social housing lettings (note 5)	**249.4**	**-**	**-**	**(194.6)**	**54.8**	240.4	-	-	(172.6)	67.8
Other social housing activities										
First tranche sales	**19.1**	**(17.2)**	**-**	**-**	**1.9**	22.2	(18.9)	-	-	3.3
Development administration	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Other	**-**	**-**	**-**	**(1.8)**	**(1.8)**	0.9	-	(0.3)	-	0.6
	268.5	**(17.2)**	**-**	**(196.4)**	**54.9**	263.5	(18.9)	(0.3)	(172.6)	71.7
Activities other than social housing activities										
Outright sales	**58.3**	**(54.2)**	**-**	**-**	**4.1**	13.9	(13.1)	-	-	0.8
Lettings	**7.0**	**-**	**(0.4)**	**(1.4)**	**5.2**	10.1	-	-	(13.7)	(3.6)
Other sales	**72.6**	**(48.3)**	**-**	**-**	**24.3**	72.1	(59.0)	-	-	13.1
	137.9	**(102.5)**	**(0.4)**	**(1.4)**	**33.6**	96.0	(72.1)	-	(13.7)	10.3
	406.4	**(119.7)**	**(0.4)**	**(197.8)**	**88.5**	**359.6**	**(91.0)**	**(0.3)**	**(186.3)**	**82.0**

Notes

Association					2016					2015
	Turnover	Cost of sales	Impairment	Operating costs	Operating surplus	Turnover	Cost of sales	Impairment	Operating costs	Operating surplus
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Social housing lettings (note 5)	**249.4**	**-**	**-**	**(194.5)**	**54.9**	238.9	-	-	(178.2)	60.7
Other social housing activities										
First tranche sales	**18.8**	**(17.2)**	**-**	**-**	**1.6**	22.3	(18.9)	-	-	3.4
Development administration	**-**	**-**	**-**	**-**	**-**	-	-	-	-	-
Other	**-**	**-**	**-**	**(1.5)**	**(1.5)**	0.9	-	(0.3)	-	0.6
	268.2	**(17.2)**	**-**	**(196.0)**	**55.0**	262.1	(18.9)	(0.3)	(178.2)	64.7
Activities other than social housing										
Outright sales	**32.3**	**(28.2)**	**-**	**-**	**4.1**	6.8	(6.0)	-	-	0.8
Lettings	**7.1**	**-**	**(0.4)**	**(1.3)**	**5.4**	9.6	-	-	(5.6)	4.0
Other sales	**72.7**	**(48.4)**	**-**	**-**	**24.3**	73.4	(59.2)	-	-	14.4
	112.1	**(76.6)**	**(0.4)**	**(1.3)**	**33.8**	89.8	(65.2)	-	(5.9)	18.9
	380.3	**(93.8)**	**(0.4)**	**(197.3)**	**88.8**	**351.9**	**(83.9)**	**(0.3)**	**(183.8)**	**83.9**

Notes

5. Income and expenditure from social housing lettings

Group	General needs £m	Temporary housing £m	Supported housing £m	Low cost home ownership £m	Key worker £m	2016 Total £m	2015 Total £m
Income:							
Rents net of identifiable service charge	**112.0**	**51.5**	**13.2**	**19.5**	**8.7**	**204.9**	202.4
Service charge income	**9.9**	**-**	**10.0**	**5.3**	**0.5**	**25.7**	26.0
Net rental income	**121.9**	**51.5**	**23.2**	**24.8**	**9.2**	**230.6**	228.4
Management fee receivable	**-**	**0.7**	**0.1**	**-**	**0.2**	**1.0**	0.8
Supporting People grant	**-**	**-**	**8.0**	**0.1**	**-**	**8.1**	8.4
Grants from local authorities and other activities	**-**	**0.2**	**0.4**	**-**	**-**	**0.6**	0.5
Other income	**4.2**	**0.9**	**1.3**	**2.1**	**0.6**	**9.1**	2.3
Turnover from social housing lettings	**126.1**	**53.3**	**33.0**	**27.0**	**10.0**	**249.4**	240.4
Expenditure:							
Management	**(35.8)**	**(8.5)**	**(7.6)**	**(11.9)**	**(4.2)**	**(68.0)**	(56.3)
Service charge costs	**(8.5)**	**-**	**(10.0)**	**(4.9)**	**-**	**(23.4)**	(24.1)
Care and support	**-**	**-**	**(8.0)**	**-**	**-**	**(8.0)**	(8.2)
Routine maintenance	**(7.1)**	**(7.0)**	**(1.1)**	**(1.1)**	**(0.8)**	**(17.1)**	(7.9)
Planned maintenance	**(4.0)**	**(0.7)**	**(0.3)**	**(0.2)**	**(0.3)**	**(5.5)**	(5.5)
Major repairs expenditure	**0.3**	**0.2**	**(0.3)**	**(0.3)**	**-**	**(0.1)**	(0.8)
Bad debts	**(1.0)**	**(0.6)**	**(0.0)**	**(0.0)**	**-**	**(1.6)**	(2.7)
Depreciation of housing properties	**(16.3)**	**-**	**(2.1)**	**-**	**(1.3)**	**(19.7)**	(17.4)
Impairment of housing properties	**-**	**-**	**-**	**-**	**-**	**-**	-
Landlord rents	**(0.2)**	**(45.5)**	**(0.4)**	**(5.0)**	**(0.1)**	**(51.2)**	(49.7)
Other costs	**-**	**-**	**-**	**-**	**-**	**-**	-
Operating expenditure on social housing lettings	**(72.6)**	**(62.1)**	**(29.8)**	**(23.4)**	**(6.7)**	**(194.6)**	(172.6)
Operating surplus/(deficit) on social housing lettings	**53.5**	**(8.8)**	**3.2**	**3.6**	**3.3**	**54.8**	67.8
Void losses	**(1.0)**	**(2.5)**	**(1.2)**	**(0.2)**	**(0.2)**	**(5.1)**	**(4.4)**

Notes

Association	General needs £m	Temporary housing £m	Supported housing £m	Low cost home ownership £m	Key worker £m	2016 Total £m	2015 Total £m
Income:							
Rents net of identifiable service charge	**111.8**	**51.4**	**13.3**	**19.3**	**8.7**	**204.5**	201.0
Service charge income	**9.9**	**-**	**10.0**	**5.4**	**0.5**	**25.8**	26.0
Net rental income	**121.7**	**51.4**	**23.3**	**24.7**	**9.2**	**230.3**	227.0
Management fee receivable	**-**	**0.7**	**0.1**	**-**	**0.2**	**1.0**	0.8
Supporting People grant	**-**	**-**	**8.0**	**0.1**	**-**	**8.1**	8.4
Grants from local authorities and other activities	**-**	**0.2**	**0.4**	**-**	**-**	**0.6**	0.5
Other income	**4.2**	**0.9**	**1.3**	**2.4**	**0.6**	**9.4**	2.2
Turnover from social housing lettings	**125.9**	**53.2**	**33.1**	**27.2**	**10.0**	**249.4**	238.9
Expenditure:							
Management	**(35.4)**	**(8.5)**	**(7.6)**	**(11.9)**	**(4.2)**	**(67.6)**	(55.6)
Service charge costs	**(8.5)**	**-**	**(10.0)**	**(4.7)**	**-**	**(23.2)**	(24.1)
Care and support	**-**	**-**	**(8.0)**	**-**	**-**	**(8.0)**	(8.2)
Routine maintenance	**(7.1)**	**(7.0)**	**(1.1)**	**(1.1)**	**(0.8)**	**(17.1)**	(14.2)
Planned maintenance	**(4.0)**	**(0.7)**	**(0.3)**	**(0.4)**	**(0.3)**	**(5.7)**	(5.5)
Major repairs expenditure	**0.3**	**0.2**	**(0.3)**	**(0.3)**	**-**	**(0.1)**	(0.8)
Bad debts	**(1.1)**	**(0.8)**	**(0.1)**	**0.1**	**-**	**(1.9)**	(2.7)
Depreciation of housing properties	**(16.3)**	**-**	**(2.1)**	**-**	**(1.3)**	**(19.7)**	(17.4)
Impairment of housing properties	**-**	**-**	**-**	**-**	**-**	**-**	-
Landlord rents	**(0.2)**	**(45.5)**	**(0.4)**	**(5.0)**	**(0.1)**	**(51.2)**	(49.6)
Other costs	**-**	**-**	**-**	**-**	**-**	**-**	-
Operating expenditure on social housing lettings	**(72.3)**	**(62.3)**	**(29.9)**	**(23.3)**	**(6.7)**	**(194.5)**	(178.1)
Operating surplus/(deficit) on social housing lettings	**53.6**	**(9.1)**	**3.2**	**3.9**	**3.3**	**54.9**	60.8
Void losses	**(1.0)**	**(2.5)**	**(1.2)**	**(0.8)**	**(0.2)**	**(5.7)**	**(4.3)**

Notes

6. Operating surplus

The operating surplus is arrived at after charging:

	2016 Group £m	2015 Group £m	2016 Association £m	2015 Association £m
Depreciation of housing properties	**18.6**	17.5	**19.6**	17.3
Depreciation of other tangible fixed assets	**3.4**	1.1	**3.4**	1.1
Impairment of housing properties	**0.4**	0.3	**0.4**	0.3
Operating lease charges				
- land & building	**51.2**	54.7	**51.2**	54.7
- offices	**1.7**	0.3	**1.7**	0.3
- hire of other assets	**0.4**	0.4	**0.4**	-

Auditor's remuneration

	2016 Group £000s	2015 Group £000s	2016 Association £000s	2015 Association £000s
Auditors' remuneration (excluding VAT):				
- audit fees	**167**	142	**131**	112
- audit related assurance services	**6**	-	**6**	-
- other	**55**	67	**55**	67
- taxation	**3**	4	**3**	4
- due diligence	**26**	-	**-**	-
- k-trinity software license	**15**	15	**15**	15

Notes

7. Employees

Staff costs (including Executive Management Team) consist of:

	2016 Group £m	2015 Group £m	2016 Association £m	2015 Association £m
Wages and salaries	**39.7**	39.9	**39.5**	37.1
Social security costs	**3.4**	3.4	**3.4**	3.2
Cost of defined contribution pension scheme	**1.4**	1.1	**1.3**	1.0
Cost of defined benefit pension scheme	**-**	0.1	**-**	-
	44.5	44.5	**44.2**	41.3

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

	2016 Group No.	2015 Group No.	2016 Association No.	2015 Association No.
Administration	**216**	312	**216**	281
Development	**56**	42	**54**	42
Housing management	**432**	386	**429**	310
Care and support	**500**	424	**500**	424
Community development and fund raising	**16**	30	**16**	30
	1,220	1,194	**1,215**	1,087

The full time equivalent number of staff whose remuneration, including pension contributions, fell within each band of £10,000 from £60,000 upwards was:

£	2016 Group No.	2015 Group No.
60,000 - 69,999	**22**	23
70,000 - 79,999	**17**	19
80,000 - 89,999	**7**	4
90,000 - 99,999	**4**	6
100,000 - 109,999	**4**	3
110,000 - 119,999	**-**	-
120,000 - 129,999	**-**	-
130,000 - 139,999	**-**	1
140,000 - 149,999	**2**	2
150,000 - 159,999	**1**	-
160,000 - 169,999	**-**	-
170,000 - 179,999	**-**	-
180,000 - 189,999	**-**	-
190,000 - 199,999	**-**	-
200,000 - 209,999	**-**	-
210,000 - 219,999	**-**	-
220,000 - 229,999	**-**	-
230,000 - 239,999	**1**	1
240,000 - 249,999	**-**	-
	58	59

8. Employee information

Salary range	£
Lowest paid employee	12,019
Highest paid employee	212,500
Average salary per employee	27,847

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

Notes

9. Directors and senior executive remuneration

The directors are defined as the members of the Board of Management, the Chief Executive and the Executive Management Team disclosed on page 1.

	Group 2016 £000s	Group 2015 £000s
Executive directors' emoluments	**666**	666
Amounts paid to non-executive directors	**92**	96
Compensation for loss of office	**-**	-
Contributions to defined contribution pension schemes	**32**	31
Amounts paid to third parties in respect of directors' services	**13**	13
	803	806

	Group 2016 No.	Group 2015 No.
Number of directors in defined benefit pension schemes	**-**	-
Number of directors in defined contribution pension schemes	**3**	3
Number of directors in third party schemes	**1**	1

The emoluments in respect of the highest paid director (Chief Executive) were as follows:

	Group 2016 £000s	Group 2015 £000s
Emoluments	**223**	219
Contributions to money purchase pension scheme	**13**	13
	236	232

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

Notes

10. Surplus on disposal of fixed assets

Group	2016 Shared ownership £m	2016 Previously rented properties £m	2016 Sales to other registered providers £m	2016 Right to buy/ acquire £m	2016 First tranche sales £m	2016 Outright sales £m	2016 Total £m	2015 Total £m
Housing properties:								
Disposal proceeds	**43.3**	**21.0**	**4.9**	**1.8**	**18.8**	**58.2**	**148.0**	106.1
Cost of disposals	**(28.9)**	**(4.9)**	**(4.7)**	**(0.9)**	**(15.3)**	**(51.0)**	**(105.7)**	(77.8)
Selling costs	**(1.6)**	**(1.1)**	**-**	**(0.9)**	**(1.9)**	**(3.2)**	**(8.7)**	-
Grant recycled	**(1.8)**	**(0.9)**	**(1.0)**	**(0.2)**			**(3.9)**	(3.9)
Grant abated	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
	11.0	**14.1**	**(0.8)**	**(0.2)**	**1.6**	**4.0**	**29.7**	24.4

Association	2016 Shared ownership £m	2016 Previously rented properties £m	2016 Sales to other registered providers £m	2016 Right to buy/ acquire £m	2016 First tranche sales £m	2016 Outright sales £m	2016 Total £m	2015 Total £m
Housing properties:								
Disposal proceeds	**43.3**	**21.0**	**4.9**	**1.8**	**18.8**	**32.3**	**122.1**	99.0
Cost of disposals	**(28.9)**	**(4.9)**	**(4.7)**	**(0.9)**	**(15.3)**	**(24.9)**	**(79.6)**	(70.7)
Selling costs	**(1.6)**	**(1.0)**	**-**	**(0.9)**	**(1.9)**	**(3.2)**	**(8.6)**	-
Grant recycled	**(1.8)**	**(0.9)**	**(1.0)**	**(0.2)**	**-**	**-**	**(3.9)**	(3.9)
Grant abated	**-**	**-**	**-**	**-**	**-**	**-**	**-**	-
	11.0	**14.2**	**(0.8)**	**(0.2)**	**1.6**	**4.2**	**30.0**	24.4

Notes

11. Surplus on disposal of investments

Group	2016 Market rented properties £m	2016 Commercial properties £m	2016 Total £m	2015 Total £m
Disposal proceeds	-	1.8	1.8	3.0
Cost of disposals	-	(1.4)	(1.4)	(9.8)
Selling costs	-	-	-	-
	-	0.4	0.4	(6.8)

Association	2016 Market rented properties £m	2016 Commercial properties £m	2016 Total £m	2015 Total £m
Disposal proceeds	-	1.8	1.8	3.0
Cost of disposals	-	(1.4)	(1.4)	(9.8)
Selling costs	-	-	-	-
	-	0.4	0.4	(6.8)

12. Interest receivable and similar income

	2016 Group £m	2015 Group £m	2016 Association £m	2015 Association £m
Bank interest	0.4	1.6	0.4	0.4
Interest from group undertakings	-	-	1.5	1.7
Dividends on listed investments	-	-	-	-
	0.4	1.6	1.9	2.1

Notes

13. Interest payable and similar charges

	2016 Group £m	2015 Group £m	2016 Association £m	2015 Association £m
Bank loans and overdrafts	69.7	67.4	49.5	47.4
Payable on loans from group undertakings	-	-	20.2	20.5
Amortisation of loan premium	(1.1)	(1.1)	(0.9)	(0.9)
Amortisation of loan arrangement costs	2.1	2.5	2.0	1.8
	70.7	68.8	70.8	68.8
Interest capitalised on construction of housing properties	(5.5)	(7.0)	(4.1)	(5.2)
	65.2	61.8	66.7	63.6

Notes

14. Other finance costs

	2016 Group £m	2015 Group £m	2016 Association £m	2015 Association £m
Expected return on pension scheme assets	-	2.9	-	2.9
Interest on pension scheme liabilities	(1.3)	(2.4)	(1.3)	(2.4)
	(1.3)	0.5	(1.3)	0.5

Notes

15. Taxation on surplus on ordinary activities

Analysis of the charge in the period

	2016 Group £m	2015 Group £m	2016 Association £m	2015 Association £m
UK corporation tax:				
Current tax on surplus for the year	0.8	0.2	0.8	0.1
Total current tax	0.8	0.2	0.8	0.1
Deferred tax:				
Origination and reversal of timing differences	0.6	-	0.2	-
Total deferred tax	0.4	-	-	-
Taxation on surplus on ordinary activities	1.4	0.2	1.0	0.1

Factors affecting the current tax charge for the year

	2016 Group £m	2015 Group £m	2016 Association £m	2015 Association £m
Surplus on ordinary activities before taxation	28.7	36.5	26.8	37.7
Current tax at 20.0% (2015: 21%)	5.7	7.7	5.6	7.9
Expenses not deductible for tax purposes	-	0.4	-	-
Surplus recovered by charitable exemption	(4.9)	(7.8)	(4.8)	(7.8)
Utilisation of tax losses	-	(0.2)	-	-
Over provided in prior years	-	0.1	-	-
Other timing differences	-	-	-	-
Chargeable gain on disposal of property	-	-	-	-
Total tax charge for the year	0.8	0.2	0.8	0.1

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

16. Tangible fixed assets - housing properties

Group	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 1 April 2015	2,454.8	138.1	617.7	19.6	3,230.2
Additions	24.2	44.5	-	7.5	76.2
Works to existing properties					
Disposals	(15.6)	-	(28.9)	-	(44.5)
Properties completed	65.9	(65.9)	24.4	(24.4)	-
Transfer between asset classes	(7.6)	(31.0)	3.3	8.6	(26.7)
At 31 March 2016	2,521.7	85.7	616.5	11.3	3,235.2
Depreciation:					
At 1 April 2015	196.5	6.8		0.3	203.6
Charge for the year	18.6	-	-	-	18.6
Eliminated on disposals	(0.8)	-	-	-	(0.8)
Transfer between asset classes	-	(6.6)	-	-	(6.6)
At 31 March 2016	214.3	0.2	-	0.3	214.8
Impairment:					
At 1 April 2015	-	-	-	-	-
Charge for the year	-	-	-	-	-
Released during the year	-	-	-	-	-
At 31 March 2016	2,307.4	85.5	616.5	11.0	3,020.4
Net book value:					
At 31 March 2016	2,307.4	85.5	616.5	11.0	3,020.4
At 31 March 2015	2,258.3	131.3	617.7	19.3	3,026.6

Notes

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 1 April 2015	2,454.7	118.4	617.7	17.7	3,208.5
Additions	24.3	44.5	-	7.5	76.3
Works to existing properties	-	-	-	-	-
Disposals	(15.5)	-	(28.9)	-	(44.4)
Properties completed	65.9	(65.9)	24.4	(24.4)	-
Transfer between asset classes	(7.6)	(11.4)	3.3	10.5	(5.2)
At 31 March 2016	2,521.8	85.6	616.5	11.3	3,235.2
Depreciation:					
At 1 April 2015	196.5	0.2	-	0.3	197.0
Charge for the year	18.6	-	-	-	18.6
Eliminated on disposals	(0.8)	-	-	-	(0.8)
At 31 March 2016	214.3	0.2	-	0.3	214.8
Impairment:					
At 1 April 2015	-	-	-	-	-
Charge for the year	-	-	-	-	-
Released during the year	-	-	-	-	-
At 31 March 2016	-	-	-	-	-
Net book value:					
At 31 March 2016	2,307.5	85.4	616.5	11.0	3,020.4
At 31 March 2015	2,257.8	118.2	617.7	17.4	3,011.1

Notes

16. Tangible fixed assets - housing properties (continued)

The net book value of housing properties may be further analysed as:

	2016 Group £m	2015 Group £m	2016 Association £m	2015 Association £m
Freehold	**2,358.9**	2,369.5	**2,358.9**	2,354.0
Long leasehold	**638.6**	631.5	**638.6**	631.5
Short leasehold	**22.9**	25.6	**22.9**	25.6
	3,020.4	3,026.6	**3,020.4**	3,011.1
Interest capitalisation:				
Capitalised during the year	**5.5**	7.0	**4.1**	**5.2**
Cumulative interest capitalised	**70.9**	65.4	**43.9**	39.8
Rate used for capitalisation	**4.52%**	4.59%	**4.52%**	4.59%
Works to properties:				
Improvements to existing properties capitalised	**24.3**	11.2	**24.3**	11.2
Major repairs expenditure to income and expenditure account	**-**	0.8	**-**	0.8
	24.3	12.0	**24.3**	12.0

Impairment

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

During the current year, the Group and Association have recognised an unadjusted impairment loss of £0.2m (2015 - £NIL) in respect of its housing stock. On 8 July 2015, the Summer Budget included the announcement that the Government will reduce rents in social housing in England by 1% a year for four years from April 2016. The Government indicated this will result in a 12% reduction in average rents by 2020/21, compared to current forecasts. As such, this triggered an indicator of impairment and a full review was performed. 37 units were impacted by the impairment loss calculated.

The impairment review was considered under the requirements under FRS 102 s.27 Impairment of Assets and SORP 2014. A review was undertaken across the Group's portfolio. In assessing any impairment, the depreciated replacement cost method was applied in which the depreciated replacement cost was compared to the net book value and if lower an impairment charge recognised. In calculating the depreciated replacement cost we have assumed a land purchase and build construction cost of a like-for-like property. For land valuation, we have assumed 45% of open market value and for build construction cost we have used the Builders Cost Information Service matrix endorsed by RICS.

Notes

17. Tangible fixed assets - other

Group	Freehold office premises £m	Office improvements £m	Office furniture and equipment £m	Computer equipment and software £m	Motor vehicles £m	Communal assets £m	Total £m
Cost:							
At 1 April 2015	13.4	7.7	5.3	15.5	0.2	-	42.1
Additions	0.1	0.1	1.7	2.0	-	-	3.9
Disposals	-	(0.7)	(0.1)	(0.3)	-	-	(1.1)
Revaluations	-	-	-	-	-	-	-
Reclassification	-	-	3.7	(4.7)	-	-	(1.0)
At 31 March 2016	**13.5**	**7.1**	**10.6**	**12.5**	**0.2**	**-**	**43.9**
Depreciation:							
At 1 April 2015	(2.3)	(2.6)	(1.8)	(5.6)	(0.2)	-	(12.5)
Charge for the year	(0.2)	(0.2)	(1.3)	(1.7)	-	-	(3.4)
Disposals	-	0.5	0.1	0.2	-	-	0.8
Reclassification	-	-	(0.9)	0.9	-	-	-
At 31 March 2016	(2.5)	(2.3)	(3.9)	(6.2)	(0.2)	-	(15.1)
Net book value:							
At 31 March 2016	**11.0**	**4.8**	**6.7**	**6.3**	**-**	**-**	**28.8**
At 31 March 2015	11.1	5.1	3.5	9.9	-	-	29.6

Notes

17. Tangible fixed assets - other (continued)

Association	Freehold office premises	Office improvements	Office furniture and equipment	Computer equipment and software	Motor vehicles	Communal assets	Total
	£m	£m	£m	£m	£m	£m	£m
Cost:							
At 1 April 2015	13.4	7.7	5.3	15.5	0.2	-	42.1
Additions	0.1	0.1	1.7	2.0	-	-	3.9
Disposals	-	(0.7)	(0.1)	(0.3)	-	-	(1.1)
Revaluations	-	-	-	-	-	-	-
Transfer from group undertakings	-	-	3.7	(4.7)	-	-	(1.0)
At 31 March 2016	**13.5**	**7.1**	**10.6**	**12.5**	**0.2**	**-**	**43.9**
Depreciation:							
At 1 April 2015	(2.3)	(2.6)	(1.8)	(5.6)	(0.2)	-	(12.5)
Charge for the year	(0.2)	(0.2)	(1.3)	(1.7)	-	-	(3.4)
Disposals	-	0.5	0.1	0.2	-	-	0.8
Transfer from group undertakings	-	-	(0.9)	0.9	-	-	-
At 31 March 2016	(2.5)	(2.3)	(3.9)	(6.2)	(0.2)	-	(15.1)
Net book value							
At 31 March 2016	**11.0**	**4.8**	**6.7**	**6.3**	**-**	**-**	**28.8**
At 31 March 2015	11.1	5.1	3.5	9.9	-	-	29.6

Notes

18. Investment properties

Group	Market rent £m	Commercial £m	Total £m
At 1 April 2015	84.4	25.7	110.1
Additions	15.3	14.4	29.7
Disposals	-	(7.8)	(7.8)
Schemes completed	-	-	-
Transfers between asset classes	(8.9)	(4.8)	(13.7)
Revaluations	3.3	3.0	6.3
At 31 March 2016	**94.1**	**30.5**	**124.6**

Association	Market rent £m	Commercial £m	Total £m
At 1 April 2015	84.5	14.2	98.7
Additions	15.9	7.9	23.8
Disposals	-	(7.1)	(7.1)
Schemes completed	-	-	-
Transfers between asset classes	(8.1)	2.1	(6.0)
Revaluations	1.9	2.4	4.3
At 31 March 2016	**94.2**	**19.5**	**113.7**

The properties were valued as at 31 March 2016 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.

19. Investment - listed at market value

	2016 Cost £m.	2016 Fair value £m.	2015 Cost £m	2015 Fair value £m
Investments listed on a recognised stock exchange (note 32)	**2.6**	**2.6**	2.7	2.7

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

Notes

20. Investments - in subsidiaries

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%
European Urban St Pancras 2 Limited	United Kingdom	Property development	Ordinary – 100%
Stoke Quay New Homes Limited	United Kingdom	Property development and investment	Ordinary – 100%
Central Chelmsford Development Agency Limited*	United Kingdom	Property development and investment	Ordinary – 100%
Choices for Grahame Park Limited*	United Kingdom	Acquisition and development of site at Grahame Park	Ordinary – 100%
Genesis Homes Limited	United Kingdom	Dormant	Ordinary – 100%
Pathmeads Residential Limited	United Kingdom	Property management	Ordinary – 100%
Genesis Housing Management Limited	United Kingdom	Dormant	Ordinary – 100%
Pathmeads Property Services Limited	United Kingdom	Dormant	Ordinary – 100%

** held indirectly*

Notes

21. Investments in Associates

Genesis Housing Group set up LINQ (a Plc company) in conjunction with the Directors of Centrus (Treasury Advisors).

Their shareholding will be held by a company called LINQ Partners Ltd.

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

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

22. Stock

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

	2016 Group £m	2015 Group £m	**2016 Association £m**	2015 Association £m
Cost				
Properties under construction				
- First tranche shared ownership	**7.9**	6.6	**7.9**	6.7
- Outright sale	**41.0**	64.3	**18.6**	18.4
- Commercial	**-**	-	**-**	-
Properties for sale				
- First tranche shared ownership	**4.0**	12.9	**4.0**	12.9
- Outright sale	**11.1**	22.8	**11.1**	26.2
- Commercial	**-**	-	**-**	-
Land for sale	**10.8**	5.0	**10.8**	5.0
	74.8	111.6	**52.4**	69.2
Stock write down				
At 1 April	**(8.9)**	(8.9)	**(8.9)**	(8.9)
Transfers during the year	**-**	-	**-**	-
Released during the year	**-**	-	**-**	-
At 31 March	**(8.9)**	(8.9)	**(8.9)**	(8.9)
Net book value	**65.9**	102.7	**43.5**	60.3

Notes

23. Debtors

Amounts receivable within one year	2016 Group £m	2015 Group £m	2016 Association £m	2015 Association £m
Rent and service charge arrears	**31.9**	29.4	**31.9**	26.3
Provision for bad and doubtful debts	**(10.2)**	(10.1)	**(10.2)**	(10.1)
	21.7	19.3	**21.7**	16.2
Amounts owed by group undertakings	**-**	-	**130.1**	106.3
Trade debtors (note 32)	**2.1**	5.5	**2.1**	5.5
Other debtors (note 32)	**12.0**	11.6	**5.1**	4.9
Prepayments and accrued income	**6.1**	5.9	**6.1**	5.1
	41.9	42.3	**165.1**	138.0

Amounts receivable after more than one year	2016 Group £m	2015 Group £m	2016 Association £m	2015 Association £m
Amounts owed by group undertakings	**-**	-	**2.3**	2.9
Other debtors (note 32)	**2.0**	2.2	**2.0**	2.1
	2.0	2.2	**4.3**	5.0

The Association sold commercial units for £2.9 million to Stoke Quay New Homes Limited (a wholly owned subsidiary) during the year ended 31 March 2015. This was recognised as a finance lease liability in Stoke Quay New Homes Limited's Financial Statements and the corresponding debtor forms part of the 2015 balance above for amounts owed by group undertakings. The Association has received in full the outstanding balance during the year ended 31 March 2016.

Notes

24. Investments (held as current assets)

	2016 Group £m	2015 Group £m	2016 Association £m	2015 Association £m
Cash at bank and investments charged to lenders	**30.9**	34.5	**30.9**	34.5
Cash at bank held for leaseholders	**1.5**	1.5	**1.5**	1.5
	32.4	36.0	**32.4**	36.0

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

25. Creditors: amounts falling due within one year

	2016 Group £m	2015 Group £m	2016 Association £m	2015 Association £m
Housing loans (note 31)	**31.0**	31.1	**22.8**	31.0
Trade creditors (note 32)	**3.6**	4.2	**3.0**	3.8
Amounts owed to group undertakings	**-**	-	**111.2**	44.2
Taxation and social security	**(0.7)**	1.8	**0.4**	1.8
Other creditors (note 32)	**36.3**	25.4	**34.5**	22.1
Deferred capital grant (note 28)	**5.7**	5.5	**5.7**	5.5
Recycled capital grant fund (note 29)	**17.6**	12.0	**17.6**	12.0
Disposal proceeds fund (note 30)	**1.1**	0.9	**1.1**	0.9
Accruals and deferred income	**39.8**	42.2	**28.1**	30.7
	134.4	123.1	**224.4**	152.0

Notes

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

	2016 Group £m	2015 Group £m	**2016 Association £m**	2015 Association £m
Housing loans	**1,212.4**	1,243.5	**915.6**	938.2
Bonds	**252.8**	252.8	**-**	-
Total housing loans (note 31)	**1,465.2**	1,496.3	**915.6**	938.2
Amounts owed to group companies	**-**	-	**555.3**	560.2
Interest rate swap - cash flow hedge (note 32)	**120.0**	118.4	**120.0**	118.4
Obligations under finance lease and hire purchase contracts	**-**	-	**-**	-
Deferred capital grants (note 28)	**862.5**	872.5	**862.5**	872.5
Recycled capital grants (note 29)	**25.8**	20.4	**25.8**	20.4
Disposal proceeds fund (note 30)	**5.8**	4.2	**5.8**	4.2
Cyclical and major repairs fund	**0.3**	6.5	**0.5**	6.5
Sinking fund balances	**-**	0.6	**-**	0.5
Other creditors (note 32)	**2.0**	-	**2.0**	-
Deferred tax	**0.4**	-	**-**	-
Deferred income	**-**	1.4	**-**	1.4
	2,482.0	2,520.3	**2,487.5**	2,522.3

Notes

27. Contingent liabilities

	2016 Group £m	2015 Group £m
At end of the year	**1,195.3**	1,202.7

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

28. Deferred capital grants

	2016 Group £m	2015 Group £m	**2016 Association £m**	2015 Association £m
At 1 April	**878.0**	888.7	**878.0**	888.7
Grants received during the year	**3.8**	8.1	**3.8**	8.1
Grants recycled	**(7.2)**	(11.0)	**(7.2)**	(11.0)
Grants disposed	**(2.0)**	(2.2)	**(2.0)**	(2.2)
Released to income during the year	**(5.7)**	(5.6)	**(5.7)**	(5.6)
Grants reclassified between assets	**1.2**	-	**1.2**	-
At 31 March 2016	**868.1**	878.0	**868.1**	878.0

Notes

29. Recycled capital grant fund

Group	2016 HCA £m	2016 GLA £m	2016 Total £m	2015 HCA £m	2015 GLA £m	2015 Total £m
At 1 April	**29.5**	**2.9**	**32.4**	15.2	2.5	17.7
Inputs to fund:						
- grants recycled from deferred capital grants	**5.7**	**1.5**	**7.2**	10.7	0.3	11.0
- grants recycled from statement of comprehensive income	**3.0**	**0.7**	**3.7**	3.5	0.1	3.6
- interest accrued	**0.1**	**-**	**0.1**	0.1	-	0.1
- transfers from other group members	**-**	**-**	**-**	-	-	-
Recycling of grant:						
- new build	**-**	**-**	**-**	-	-	-
- major repairs and works to existing stock	**-**	**-**	**-**	-	-	-
- transfers to other group members	**-**	**-**	**-**	-	-	-
- other	**-**	**-**	**-**	-	-	-
Repayment of grant to the HCA/GLA	**-**	**-**	**-**	-	-	-
	38.3	**5.1**	**43.4**	29.5	2.9	32.4
Amounts 3 years or older where repayment may be required			**-**			-
Disclosed as:						
Creditors: amounts falling due within one year			**17.6**			12.0
Creditors: amounts falling due after more than one year			**25.8**			20.4
			43.4			32.4

Notes

Association	2016 HCA £m	2016 GLA £m	2016 Total £m	2015 HCA £m	2015 GLA £m	2015 Total £m
At 1 April	**29.5**	**2.9**	**32.4**	15.2	2.5	17.7
Inputs to fund:						
- grants recycled from deferred capital grants	**5.7**	**1.5**	**7.2**	10.7	0.3	11.0
- grants recycled from statement of comprehensive income	**3.0**	**0.7**	**3.7**	3.5	0.1	3.6
- interest accrued	**0.1**	**-**	**0.1**	0.1	-	0.1
- transfers from other group members	**-**	**-**	**-**	-	-	-
Recycling of grant:						
- new build	**-**	**-**	**-**	-	-	-
- major repairs and works to existing stock	**-**	**-**	**-**	-	-	-
- transfers to other group members	**-**	**-**	**-**	-	-	-
- other	**-**	**-**	**-**	-	-	-
Repayment of grant to the HCA/GLA	**-**	**-**	**-**	-	-	-
	38.3	**5.1**	**43.4**	29.5	2.9	32.4
Amounts 3 years or older where repayment may be required			**-**			-
Disclosed as:						
Creditors: amounts falling due within one year			**17.6**			12.0
Creditors: amounts falling due after more than one year			**25.8**			20.4
			43.4			32.4

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

Notes

30. Disposal proceeds fund

Group	2016 HCA £m	2016 GLA £m	2016 Total £m	2015 HCA £m	2015 GLA £m	2015 Total £m
At 1 April	**0.4**	**4.7**	**5.1**	0.3	2.4	2.7
Inputs to fund:						
- funds recycled from deferred capital grants	**-**	**1.7**	**1.7**	-	2.3	2.3
- funds recycled from statement of comprehensive income	**-**	**-**	**-**	-	-	-
- net PRTB receipts	**-**	**-**	**-**	-	-	-
- proceeds for profit making PRPs from sales of stock previously acquired from non-profit PRPs	**-**	**-**	**-**	-	-	-
- interest accrued	**-**	**-**	**-**	-	-	-
- transfers from other group members	**-**	**-**	**-**	-	-	-
Use/allocation of funds:						
- new build	**-**	**-**	**-**	0.1	-	0.1
- major repairs and works to existing stock	**-**	**-**	**-**	-	-	-
- transfers to other group members	**-**	**-**	**-**	-	-	-
- other	**-**	**-**	**-**	-	-	-
Repayment of grant to the HCA/GLA	**-**	**-**	**-**	-	-	-
	0.4	**6.4**	**6.8**	0.4	4.7	5.1
Amounts 3 years or older where repayment may be required			**-**			-
Disclosed as:						
Creditors: amounts falling due within one year	**0.1**	**0.9**	**1.0**			0.9
Creditors: amounts falling due after more than one year	**0.3**	**5.5**	**5.8**			4.2
	0.4	**6.4**	**6.8**			5.1

Notes

Association	2016 HCA £m	2016 GLA £m	2016 Total £m	2015 HCA £m	2015 GLA £m	2015 Total £m
At 1 April	**0.4**	**4.7**	**5.1**	0.3	2.4	2.7
Inputs to fund:						
- funds recycled from deferred capital grants	**-**	**1.7**	**1.7**	-	2.3	2.3
- funds recycled from statement of comprehensive income	**-**	**-**	**-**	-	-	-
- net PRTB receipts	**-**	**-**	**-**	-	-	-
- proceeds for profit making PRPs from sales of stock previously acquired from non-profit PRPs	**-**	**-**	**-**	-	-	-
- interest accrued	**-**	**-**	**-**	-	-	-
Use/allocation of funds:						
- new build	**-**	**-**	**-**	0.1	-	0.1
- major repairs and works to existing stock	**-**	**-**	**-**	-	-	-
- transfers to other group members	**-**	**-**	**-**	-	-	-
- other	**-**	**-**	**-**	-	-	-
Repayment of grant to the HCA/GLA	**-**	**-**	**-**	-	-	-
	0.4	**6.4**	**6.8**	0.4	4.7	5.1
Amounts 3 years or older where repayment may be required			**-**			-
Disclosed as:						
Creditors: amounts falling due within one year	**0.1**	**0.9**	**1.0**			0.9
Creditors: amounts falling due after more than one year	**0.3**	**5.5**	**5.8**			4.2
	0.4	**6.4**	**6.8**			5.1

Withdrawals from the disposal proceeds fund were used for approved works to existing housing properties

Notes

31. Loan and borrowings

Maturity of debt:

Group	2016 Bank overdrafts	2016 Bank loans	2016 Bonds	2016 Concessionary loans	2016 Finance leases	2016 Total
	£m	£m	£m	£m	£m	£m
In 1 year or less, or on demand	**-**	**28.7**	**0.2**	**2.2**	**-**	**31.1**
In more than 1 year but not more than 2 years	**-**	**56.8**	**0.2**	**-**	**-**	**57.0**
In more than 2 years but not more than 5 years	**-**	**90.8**	**0.5**	**5.0**	**-**	**96.3**
More than 5 years	**-**	**1,059.7**	**252.1**	**-**	**-**	**1,311.8**
	-	**1,236.0**	**253.0**	**7.2**	**-**	**1,496.2**
Undrawn loan facilities	2.0	278.6	-	-	-	280.6

Group	2015 Bank overdrafts	2015 Bank loans	2015 Bonds	2015 Concessionary loans	2015 Finance leases	2015 Total
	£m	£m	£m	£m	£m	£m
In 1 year or less, or on demand	-	30.9	0.2	-	-	31.1
In more than 1 year but not more than 2 years	-	28.7	0.2	2.5	-	31.4
In more than 2 years but not more than 5 years	-	116.9	0.5	5.0	-	122.4
More than 5 years	-	1,090.6	252.1	-	-	1,342.7
	-	1,267.1	253.0	7.5	-	1,527.6

Notes

Association	2016 Bank overdrafts	2016 Bank loans	2016 Inter- company loans	2016 Other loans	2016 Finance leases	2016 Total
	£m	£m	£m	£m	£m	£m
In 1 year or less, or on demand	**-**	**22.8**	**-**	**-**	**-**	**22.8**
In more than 1 year but not more than 2 years	**-**	**50.9**	**-**	**-**	**-**	**50.9**
In more than 2 years but not more than 5 years	**-**	**73.1**	**-**	**-**	**-**	**73.1**
More than 5 years	**-**	**791.7**	**-**	**-**	**-**	**791.7**
	-	**938.5**	**-**	**-**	**-**	**938.5**

Association	2015 Bank overdrafts	2015 Bank loans	2015 Inter- company loans	2015 Other loans	2015 Finance leases	2015 Total
	£m	£m	£m	£m	£m	£m
In 1 year or less, or on demand	-	31.0	-	-	-	31.0
In more than 1 year but not more than 2 years	-	22.8	-	-	-	22.8
In more than 2 years but not more than 5 years	-	99.2	-	-	-	99.2
More than 5 years	-	816.4	-	-	-	816.4
	-	969.4	-	-	-	969.4

During the year, the group agreed new facilities of £200.2m and extended an expiring £75m Revolving Credit Facility with its bank for a further five years, in the process incurring issue costs of £2.1m, representing 0.75% of new loans borrowed or extended. Loans of £48.2m were drawn from agreed facilities and £78.2m of loans were repaid in the year.

Issue costs have been deducted from the initial carrying value and will be charged to profit or loss as part of the interest charge calculated using the amortised cost method.

All new loans agreed in the year were recognised as basic in accordance with Section 11 of FRS 102.

At 31 March 2016 the group had undrawn loan facilities of £278.6m (2015: £51.6m).

Notes

32. Financial instruments

Financial assets	2016 Group £m	2015 Group £m	2016 Association £m	2015 Association £m
Financial assets measured at historical cost:				
- trade receivables (note 23)	**2.1**	5.5	**2.1**	5.5
- other receivables (note 23)	**14.0**	13.8	**7.1**	7.1
- Investments (note 19)	**2.6**	2.7	**-**	-
- Investments in short term deposits (note 24)	**32.4**	36.0	**32.4**	36.0
- cash and cash equivalents	**116.3**	86.6	**110.0**	80.0
Financial assets measured at fair value through profit or loss:				
- derivative financial instruments	**-**	-	**-**	-
Financial assets that are debt instruments measured at amortised cost:				
- loans receivable	**-**	-	**-**	-
Total financial assets	**167.4**	144.6	**151.6**	128.6

Financial assets	2016 Group £m	2015 Group £m	2016 Association £m	2015 Association £m
Financial liabilities measured at amortised cost:				
- loans payable	**(1,496.2)**	(1,527.6)	**(938.5)**	(969.4)
Financial liabilities measured at historical cost:				
- trade creditors (note 25)	**(3.6)**	(4.2)	**(3.0)**	(3.8)
- other creditors (note 25)	**(38.3)**	(25.4)	**(36.5)**	(22.1)
Derivative financial instruments designated as hedges of variable interest rate risk (note 26)	**(120.0)**	(118.4)	**(120.0)**	(118.4)
Total financial assets	**(1,658.1)**	(1,675.6)	**(1,098.0)**	(1,113.7)

Notes

Financial assets measured at fair value through profit or loss comprise fixed asset investments in unlisted company shares and current asset investments in a trading portfolio of listed company shares.

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

Financial liabilities measured at amortised cost includes bank loans and overdrafts and financial liabilities measured at historical cost comprise trade creditors and other creditors.

Derivative financial instruments designated as hedges of variable interest rate risk comprise interest rate swaps.

Hedge of variable interest rate risk arising from bank loan liabilities:

To hedge the potential volatility in future interest cash flows arising from movements in LIBOR, the group has entered into floating to fixed interest rate swaps with a nominal value equal to that initial borrowings, the same term as the loans and interest re-pricing dates identical to those of the variable rate loans.

The derivatives are accounted for as a hedge of variable interest rate risks, in accordance with FRS 102 and had a fair value of £120.0m (2015: £118.4) at the Statement of Financial Position date. The cash flows arising from the interest rate swaps will continue until their maturity, coincidental with the repayment of the term loans. The change in fair value in the period was an adverse £1.6m with £1.4m of the charge being recognised in other comprehensive income as the swaps were 100% effective hedges and £0.2m in the profit or loss account as ineffective hedges.

Hedge accounting is applied to financial assets and financial liabilities of the Group where a hedging relationship qualifies for hedge accounting if, and only if, all of the following conditions are met:

- At the inception of the hedge, or at the point of transition, formal designation and documentation of the hedging relationship and the entity's risk management objective and strategy for undertaking the hedge is in place. That documentation shall include identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the hedging instrument's effectiveness in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk;
- The hedge is expected to be highly effective in achieving offsetting changes in fair value or cash flows attributable to the hedged risk, consistently with the originally documented risk management strategy for that particular hedging relationship, and effectiveness can be reliably measured; and
- The hedge is assessed on an ongoing basis and determined actually to have been highly effective throughout the financial reporting periods for which the hedge was designated. The Group has chosen to test the effectiveness of its hedges on a quarterly basis.

Hedging instruments

A hedging instrument is classified as an instrument whose fair value or cash flows are expected to offset changes in the fair value or cash flows of a designated hedged item.

Hedged items

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

Hedged effectiveness

The Group assesses hedge effectiveness both prospectively and retrospectively. To qualify for hedge accounting at the inception of a hedge and at a minimum, at each reporting date, the changes in the fair value or cash flows of the hedged item attributable to the hedged risk must be expected to be highly effective in offsetting the changes in the fair value or cash flows of the hedging instrument on a prospective basis, and on a retrospective basis where actual results are within a range of 80% to 125%.

Risk

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

Notes

32. Financial instruments (continued)

Interest rate risk

The Group finances its operations through a mixture of retained surpluses, Government grant and loan borrowings. The Group manages its exposure to fluctuations in interest rates with a view to achieving a level of certainty in its net interest costs. The Group's interest rate strategy is focused on achieving the prescribed balance between fixed and floating rate debt at an acceptable level of risk and cost.

Cash flow hedges are entered into to hedge exposure to the variability in cash flows attributable to movements in GBP interest rates using GBP interest rate swap contracts whereby the Group agrees to pay interest at a fixed rate and receive interest at a floating rate. The interest rate swaps are designated as a hedge of the variability in the debt interest payments due to changes in the benchmark interest rate (LIBOR). This method reflects the risk management objective of the hedging relationship that is to swap a series of future variable cash flows to a fixed rate. The movement through the cash flow reserve for the year ended 31 March 2016 was £1.6m.

Liquidity risk

The Group has a policy to maintain sufficient liquidity in cash and undrawn lending facilities to cover 12 months of operational activity. At the year-end 88% of the Group's borrowings were due to mature in more than five years. The liquidity risk of each Group entity is managed centrally by the Group treasury function in accordance with the Group Board approved Treasury Policy and Treasury Strategy.

Credit risk

Credit risk applies to all debtor balances, the majority relating to tenant and other arrears which are reported monthly with dedicated teams assigned to manage recovery of those arrears. The Group fully provides for former tenant arrears except where recovery is assessed as likely. Provision against current tenant arrears is made based on the aged profile of the amounts due.

Notes

33. Provision for liabilities

Group	Dilapidations £m	Total £m
At 1 April 2015	**1.8**	**1.8**
Additions	-	-
Released	-	-
Unwinding of discount	-	-
Remeasurement - impact of changes in assumptions (note 32)	-	-
Contribution paid	-	-
Utilised in year	**(0.4)**	**(0.4)**
At 31 March 2016	**1.4**	**1.4**

Association	Dilapidations £m	Total £m
At 1 April 2015	**1.8**	**1.8**
Additions	-	-
Released	-	-
Unwinding of discount	-	-
Remeasurement - impact of changes in assumptions (note 32)	-	-
Contribution paid	-	-
Utilised in year	**(0.4)**	**(0.4)**
At 31 March 2016	**1.4**	**1.4**

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

Notes

34. Pensions

Several pension schemes are operated by the Group.

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

This most recent actuarial valuation showed a deficit of £6,064,000. The trustees and Genesis have agreed that contributions of £700,000 per annum will be paid for a period of 10 years from 31 March 2015 to eliminate this deficit. Genesis has agreed to pay the scheme expenses including the PPF levies directly.

The scheme transferred into the trusteeship of The Pensions Trust from Scottish Widows on 1 October 2015 and an interim schedule of contributions dated 18 September 2015 has been agreed with the Trustee until a full schedule of contributions comes into force following the completion of the 30 September 2016 actuarial valuation. Genesis has agreed to continue to pay £700,000 per annum and £90,000 per annum towards the scheme expenses and the PPF levies.

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

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

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

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

LPFA:
The Local Government Pension Scheme: A defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme regulations 1997, as amended. An actuarial valuation was carried out as at 31 March 2016 by Barnett Waddingham.

Notes

Genesis 2016 Pension Scheme (1 month to 31 March 2016)
Employee benefit obligations

The amounts recognised in the financial position are as follows:

	2016 £m	2015 £m
Present value of funded obligations	**47.7**	-
Fair value of plan assets	**(33.9)**	-
Net liability	**13.8**	-
Amounts in the financial position		
Liabilities	**(13.8)**	-

The amounts recognised in surplus are as follows:

	2016 £m	2015 £m
Interest on obligation	**-**	-
Total	**-**	-
Actual return on plan assets	**-**	-

Notes

34. Pensions (continued)

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

	2016 £m	2015 £m
Opening defined benefit obligation	-	-
Liabilities transferred to the scheme	45.5	-
Interest cost	0.1	-
Actuarial (gains)/losses	2.1	-
Benefits paid	-	-
Closing defined benefit obligation	47.7	-

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

	2016 £m	2015 £m
Opening fair value of plan assets	-	-
Assets allocated to the scheme	33.4	-
Actuarial gains/(losses)	0.4	-
Return on assets excluding interest income	-	-
Benefits paid	-	-
Interest income	0.1	-
Closing fair value of plan assets	33.9	-

The Group expects to contribute £0.7m in 2016/17

Notes

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

	2016
UK equities	9%
FTSE guaranteed equity notes	-
Overseas equities	23%
Bonds	27%
Property	6%
Other	34%
Cash	1%

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

Principal actuarial assumptions at the financial position date (expressed as weighted averages):

	2016
Discount rate at 31 March	3.5%
Future pension increases	1.8%
Salary increases	4.0%

Notes

34. Pensions (continued)

SHPS 2016 Pension Scheme (11 months to 29 February 2016)
Employee benefit obligations

The amounts recognised in the financial position are as follows:

	2016 £m	2015 £m
Present value of funded obligations	-	50.0
Fair value of planned assets	-	(34.4)
Net liability	-	15.6
Amounts in the financial position		
Liabilities	-	(15.6)

The amounts recognised in surplus are as follows:

	2016 £m	2015 £m
Interest on obligation	**0.5**	0.5
Total	**0.5**	0.5
Actual return on plan assets	-	5.0

Notes

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

	2016 £m	2015 £m
Opening defined benefit obligation	**50.0**	42.8
Liabilities transferred out of the scheme	**(45.5)**	-
Interest cost	**1.4**	1.9
Actuarial (gains)/losses	**(4.7)**	6.5
Benefits paid	**(1.2)**	(1.2)
Closing defined benefit obligation	-	50.0

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

	2016 £m	2015 £m
Opening fair value of plan assets	**34.3**	30.5
Assets allocated to the scheme	**(33.4)**	-
Employer's deficit contribution	**0.5**	0.7
Return on assets excluding interest income	**(1.0)**	3.0
Benefits paid	**(1.3)**	(1.2)
Interest income	**0.9**	1.3
Closing fair value of plan assets	-	34.3

	2016	2016
Discount rate at 31 March	**3.5%**	3.1%
Future salary increases	**3.0%**	3.0%
Future pension increases	**2.0%**	1.8%

Notes

34. Pensions (continued)

PCHA 2001 Pension Scheme
Employee benefit obligations

The amounts recognised in the financial position are as follows:

	2016 £m	2015 £m
Present value of funded obligations	**55.5**	58.9
Fair value of planned assets	**(41.3)**	(41.7)
Net liability	**14.2**	17.2
Amounts in the financial position		
Liabilities	**(14.2)**	(17.2)

The amounts recognised in surplus are as follows:

	2016 £m	2015 £m
Interest on obligation	**1.8**	2.0
Expected return on plan assets	**-**	(2.4)
Total	**1.8**	(0.4)
Actual return on plan assets	**(0.2)**	2.5

Notes

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

	2016 £m	2015 £m
Opening defined benefit obligation	**58.9**	47.0
Interest cost	**1.8**	2.0
Actuarial (gains)/losses	**(4.3)**	11.1
Expenses	**0.1**	-
Benefits paid	**(1.0)**	(1.2)
Closing defined benefit obligation	**55.5**	58.9

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

	2016 £m	2015 £m
Opening fair value of plan assets	**41.7**	39.7
Expected return	**-**	2.4
Actuarial gains/(losses)	**(1.5)**	0.1
Contribution by employer	**0.8**	0.7
Benefits paid	**(1.0)**	(1.2)
Interest income	**1.3**	-
Closing fair value of plan assets	**41.3**	41.7

The Group expects to contribute £0.8m in 2016/17

Notes

34. Pensions (continued)

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

	2016	2015
UK Equities	**7%**	22%
FTSE guaranteed equity notes	**-**	2%
Overseas equities	**22%**	9%
Bonds	**48%**	**39%**
Property	**-**	**3%**
Other	**21%**	**10%**
Cash	**2%**	15%

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

Principal actuarial assumptions at the financial position date (expressed as weighted averages):

	2016	2015
Discount rate at 31 March	**3.5%**	3.1%
Expected return on plan assets at 31 March	**N/A**	6.0%
Future pension increases	**2.9%**	3.0%

Notes

LPFA Pension Scheme
Employee benefit obligations

The amounts recognised in the financial position are as follows:

	2016 £m	2015 £m
Present value of funded obligations	**10.4**	10.9
Fair value of planned assets	**(8.2)**	(8.4)
	2.2	2.5
Present value of unfunded obligations	**0.1**	0.1
Net liability	**2.3**	2.6
Liabilities	**(2.3)**	(2.6)

The amounts recognised in surplus are as follows:

	2016 £m	2015 £m
Current service cost	**0.1**	0.1
Interest on obligation	**0.1**	0.4
Expected return on plan assets	**-**	(0.5)
Total	**0.2**	-
Actual return on plan assets	**0.1**	0.5

Notes

34. Pensions (continued)

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

	2016 £m	2015 £m
Opening defined benefit obligation	**10.9**	9.5
Service cost	**0.1**	0.1
Interest cost	**0.4**	0.4
Actuarial losses	**(0.9)**	1.2
Benefits paid	**(0.1)**	(0.3)
Closing defined benefit obligation	**10.4**	10.9

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

	2016 £m	2015 £m
Opening fair value of plan assets	**8.4**	8.1
Expected return	**-**	0.5
Actuarial gains/(losses)	**(0.3)**	-
Contribution by employer	**0.1**	0.1
Interest income	**0.4**	-
Benefits paid	**(0.2)**	(0.3)
Closing fair value of plan assets	**8.4**	8.4

The Group expects to contribute £0.2m in 2016/17.

Notes

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

	2016	2015
UK equities	**46%**	43%
Bonds	**21%**	29%
Property	**4%**	3%
Other	**16%**	14%
Cash	**13%**	11%

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

Principal actuarial assumptions at the financial position date (expressed as weighted averages):

	2016	2015
Discount rate at 31 March	**3.7%**	3.3%
Expected return on plan assets at 31 March	**3.7%**	6.4%
Future salary increases	**4.1%**	4.2%
Future pension increases	**2.3%**	2.4%

Notes

35. Share capital

Association	2016 Number	2015 Number
At 1 April	**61**	60
Shares issued	**-**	1
Shares cancelled	**-**	-
At 31 March	**61**	61

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

36. Operating leases

The group and the association had minimum lease payments under non-cancellable operating leases as set out below:

Amounts payable as lessee	2016 Group £m	2015 Group £m	2016 Association £m	2015 Association £m
Not later than 1 year	**40.5**	11.8	**40.5**	11.9
Later than 1 year and not later than 5 years	**60.6**	58.9	**60.6**	59.0
Later than 5 years	**219.1**	252.8	**219.1**	252.8
	320.2	323.5	**320.2**	323.7

During the year £11.7 was recognised in the Statement of Comprehensive Income in respect of operating leases (2015: £8.5)

37. Capital commitments

	2016 Group £m	2015 Group £m	2016 Association £m	2015 Association £m
Contracted but not provided for:				
Construction	**216.2**	160.9	**252.7**	154.3
Maintenance	**-**	-	**-**	-
	216.2	160.9	**252.7**	154.3
Approved by the Board and not contracted for:				
Construction	**-**	57.6	**-**	-
Maintenance	**-**	-	**-**	-
	-	57.6	**-**	-
	216.2	218.5	**252.7**	154.3

The Group expects to finance the above contracted commitments by:

	2016 Group £m	2015 Group £m	2016 Association £m	2015 Association £m
Sale of properties	**19.5**	42.2	**19.5**	24.4
Capital grant	**3.8**	11.8	**3.8**	11.8
Cash and available loan facilities	**193.0**	106.9	**229.4**	118.1
	216.3	160.9	**252.7**	154.3

At 31 March 2016, the Group has cash and borrowing facilities available of £395m (2015: £138.5m).

Notes

38. Housing stock

	2016 Group Units	2015 Group Units	2016 Association Units	2015 Association Units
In development:				
Units for rent	**256**	177	**223**	-
Low cost home ownership	**294**	152	**166**	69
Outright sales	**24**	827	**24**	771
Other – non-social housing	**-**	-	**-**	-
Market let	**535**	-	**118**	-
Intermediate rent	**-**	-	**-**	-
Commercial	**4**	-	**2**	-
	1,113	1,156	**533**	840
Social housing accommodation managed:				
General needs	**14,735**	14,891	**14,735**	14,891
Affordable rent	**462**	383	**462**	383
General needs units managed on behalf of others	**-**	17	**-**	17
Supported housing and housing for older people	**2,799**	3,034	**2,799**	3,034
Temporary housing units	**3,039**	3,391	**3,039**	3,391
Low cost home ownership and other leased units	**6,904**	6,770	**6,904**	6,770
Key worker accommodation	**1,352**	1,365	**1,352**	1,365
Total social housing stock managed	**29,291**	29,851	**29,291**	29,851

	2016 Group Units	2015 Group Units	2016 Association Units	2015 Association Units
Non-social housing accommodation managed:				
Market let	**912**	810	**912**	810
Intermediate rent	**616**	667	**616**	667
Commercial	**247**	182	**247**	182
Total non-social housing stock managed	**1,775**	1,659	**1,775**	1,659
Total housing stock managed	**31,066**	31,510	**31,066**	31,510
Units owned but managed by others	**1,253**	1,129	**1,253**	1,129

Notes

39. Notes to the statement of cash flows

	2016 £m	2015 £m
Cash flows from operating activities		
Surplus for the year	**88.5**	82.0
Adjustments for non-cash items	**-**	-
Depreciation of fixed assets - housing properties	**18.6**	17.5
Depreciation of fixed assets - other	**3.4**	1.2
Net fair value losses/(gains) recognised in profit or loss	**0.1**	-
Interest payable and finance costs	**4.5**	-
Difference between net pension expense and cash contribution	**1.5**	-
Carrying amount of tangible fixed assets disposal	**1.3**	(17.0)
Carrying amount of investment properties disposal	**13.1**	-
Decrease/(increase) in stock	**36.8**	(46.8)
Decrease/(increase) in trade and other debtors	**0.6**	15.4
Increase/(decrease) in trade and other creditors	**(5.7)**	(11.6)
Increase/(decrease) in provisions	**(0.4)**	(0.4)
Decrease/(increase) in housing properties	**(5.8)**	(66.5)
Carrying amount of housing properties asset disposals	**(6.6)**	-
Net cash generated from operating activities	**149.9**	(26.2)

40. Related parties

The ultimate controlling party of the group is Genesis Housing Association, a registered social housing provider. There is no ultimate controlling party of Genesis Housing Association.

Board members
The Board includes one tenant member who holds a tenancy agreement on normal terms and cannot use their position to their advantage. The rent charged for the year was £5,479.80 (2015: £5,361.70) and the tenant had arrears balance of £131.45 at the 31 March 2016 (31 March 2015: Credit balance of £640.07).

Transactions with non-regulated entities:

Payable to the Association	Interest 2016 £m	Interest 2015 £m	Other 2016 £m	Other 2015 £m
Subsidiary				
Geninvest Limited	**-**	-	**-**	-
Central Chelmsford Development Agency Limited	**0.6**	0.5	**0.2**	-
Choices for Grahame Park Limited	**0.9**	0.9	**-**	-
Stoke Quay New Homes Limited	**-**	0.4	**-**	-
Genesis Purchasing Limited	**-**	-	**0.4**	-
	1.5	1.8	**0.6**	-

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

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

Notes

40. Related parties (continued)

Payable by the Association	Purchase of housing properties		Maintenance		Interest		Other	
	2016 £m	2015 £m	**2016 £m**	2015 £m	**2016 £m**	2015 £m	**2016 £m**	2015 £m
Subsidiary								
Genesis Community Foundation	**-**	-	**-**	-	**-**	-	**-**	-
Genfinance Limited	**-**	-	**-**	-	**(5.0)**	(5.4)	**-**	-
Genfinance II plc	**-**	-	**-**	-	**(15.3)**	(15.0)	**-**	-
Geninvest Limited								
Central Chelmsford Development Agency Limited	**(40.7)**	(29.4)	**-**	-	**-**	-	**-**	-
Choices for Grahame Park Limited	**(14.6)**	(14.0)	**-**	-	**-**	-	**-**	-
European Urban St Pancras 2 Limited	**-**	-	**-**	-	**-**	-	**-**	-
Stoke Quay New Homes Limited	**-**	(23.7)	**-**	-	**-**	-	**-**	-
Genesis Purchasing Limited	**(14.1)**	(18.6)	**-**	-	**-**	-	**-**	-
Pathmeads Property Services Limited	**-**	-	**-**	(8.0)	**-**	-	**-**	-
	(69.4)	(85.7)	**-**	(8.0)	**(20.3)**	(20.4)	**-**	-

Purchase of housing properties:
The Association purchases properties from property development subsidiaries.

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

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

Year-end balances with non-regulated entities:

	2016 £m	2015 £m
Genesis Community Foundation	**0.3**	0.3
Genfinance Limited	**(298.2)**	(298.7)
Genfinance II plc	**(257.1)**	(257.2)
Geninvest Limited	**0.5**	(0.1)
Central Chelmsford Development Agency Limited	**23.2**	20.1
Choices for Grahame Park Limited	**(7.2)**	16.7
European Urban St Pancras 2 Limited	**0.9**	0.9
Stoke Quay New Homes Limited	**2.2**	(1.2)
Genesis Purchasing Limited	**1.9**	1.8
Pathmeads Property Services Limited	**(0.8)**	(0.8)
	(534.3)	(518.2)

Included in the above balances are intra-group as follows:

	2016 £m	2015 £m
Genfinance Limited	**(300.0)**	(300.0)
Genfinance II plc	**(250.0)**	(250.0)
Geninvest Limited	**-**	-
	(550.0)	(550.0)

Notes

40. Related parties (continued)

Year-end balances with regulated entities:

	2016 £m	2015 £m
Springboard Two	**0.1**	0.1
	0.1	0.1

Transactions and balances with associates:
During the year, Logic Homes Limited charged £nil (2015: £15,808) for services provided. At 31 March 2016, £nil (2015: £nil) was due to Logic Homes Limited.

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

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

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

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

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

Genesis Housing Group will continue to manage these properties and one of the requirements of the various legal documents is that an RP remains in the structure. Transactions and balances with jointly controlled entities:

There were no material transactions with jointly controlled entities during the year (2015: £nil).

41. Explanation of transition to FRS 102 from old UK GAAP

As stated at note 2, these are the Group and Association's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in the notes above have been applied in preparing the financial statements for the year ended 31 March 2016 and the comparative information is presented in these financial statements for the year ended 31 March 2015.

In preparing its FRS 102 Statement of Comprehensive Income, the Group and the Association has adjusted amounts reported previously in the financial statements prepared in accordance with its previous basis of accounting (old UK GAAP). An explanation of how the transition from old UK GAAP to FRS 102 has affected the Group's and the Association's financial position and financial performance is set out in the following tables and the notes that accompany the tables.

Reconciliations provided shall, to the extent practicable, distinguish the correction of errors from changes in accounting policies.

Reconciliation of equity

Group	Note	2013-14 As previously stated £m	2013-14 Effect of transition £m	2013-14 FRS 102 (as restated) £m	2014-15 As previously stated £m	2014-15 Effect of transition £m	2014-15 FRS 102 (as restated) £m
Fixed assets	A	1,581.4	1,516.8	3,098.2	1,658.6	1,510.4	3,169.0
Current assets	B	248.1	(15.4)	232.7	325.6	(55.8)	269.8
Creditors: amounts falling due within one year	C	(84.5)	0.4	(84.1)	(80.0)	(43.1)	(123.1)
Net current assets		**163.6**	**(15.0)**	**148.6**	**245.6**	**(98.9)**	**146.7**
Total assets less current liabilities		**1,745.0**	**1,501.8**	**3,246.8**	**1,904.2**	**1,411.5**	**3,315.7**
Creditors: amounts falling due after more than one year	D	(1,431.8)	(974.6)	(2,406.4)	(1,556.5)	(963.8)	(2,520.3)
Provision for liabilities		(2.2)	-	(2.2)	(1.8)	-	(1.8)
Net assets excluding pension liabilities		**311.0**	**527.2**	**838.2**	**345.9**	**447.7**	**793.6**
Pension liabilities	E	(8.9)	(12.2)	(21.1)	(19.8)	(15.6)	(35.4)
Net assets		**302.1**	**515.0**	**817.1**	**326.1**	**432.1**	**758.2**
Capital and reserves		**302.1**	**515.0**	**817.1**	**326.1**	**432.1**	**758.2**

Notes

41. Explanation of transition to FRS 102 from old UK GAAP (continued)

Reconciliation of equity

Association	2013-14 As previously stated £m	2013-14 Effect of transition £m	2013-14 FRS 102 (as restated) £m	2014-15 As previously stated £m	2014-15 Effect of transition £m	2014-15 FRS 102 (as restated) £m
Fixed assets	1,562.8	1,510.3	3,073.1	1,642.2	1,498.1	3,140.3
Current assets	259.1	(17.1)	242.0	376.8	(57.5)	319.3
Creditors: amounts falling due within one year	(78.3)	0.4	(77.9)	(112.1)	(39.9)	(152.0)
Net current assets	**180.8**	**(16.7)**	**164.1**	**264.7**	**(97.4)**	**167.3**
Total assets less current liabilities	**1,743.6**	**1,493.6**	**3,237.2**	**1,906.9**	**1,400.7**	**3,307.6**
Creditors: amounts falling due after more than one year	(1,432.8)	(974.9)	(2,407.7)	(1,559.9)	(962.4)	(2,522.3)
Provision for liabilities	(2.2)	-	(2.2)	(1.8)	-	(1.8)
Net assets excluding pension liabilities	**308.6**	**518.7**	**827.3**	**345.2**	**438.3**	**783.5**
Pension liabilities	(8.8)	(12.3)	(21.1)	(19.8)	(15.6)	(35.4)
Net assets	**299.8**	**506.4**	**806.2**	**325.4**	**422.7**	**748.1**
Capital and reserves	**299.8**	**506.4**	**806.2**	**325.4**	**422.7**	**748.1**

Reconciliation of income and expenditure

Group	Note	Year ended 31 March 2015 As previously stated	Effect of transition	FRS 102 (as restated)
Turnover	F	354.0	5.6	359.6
Cost of sales	G	(77.4)	(13.6)	(91.0)
Gross surplus		**276.6**	**(8.0)**	**268.6**
Operating costs	H	(180.0)	(6.3)	(186.3)
Impairment		(0.3)	-	(0.3)
Operating surplus		**96.3**	**(14.3)**	**82.0**
Surplus on disposal of fixed assets		-	-	-
Surplus on disposal of investments		-	-	-
Interest receivable and similar income	I	0.4	1.2	1.6
Interest payable and similar charges	J	(60.7)	(1.1)	(61.8)
Other finance costs		0.5	-	0.5
Gift aid donation received		-	-	-
Movement in fair value of financial instruments	K	-	(4.0)	(4.0)
Movement in fair value of investment properties	L	-	(29.3)	(29.3)
Surplus before taxation		**36.5**	**(47.5)**	**(11.0)**
Taxation		(0.2)	-	(0.2)
Surplus for the year		**36.3**	**(47.5)**	**(11.2)**
Actuarial (loss)/surplus in respect of pension schemes	M	(12.2)	(3.5)	(15.7)
Movement in FV of hedged financial instruments	N	-	(32.3)	(32.3)
Total comprehensive income for the year		**24.1**	**(83.3)**	**(59.2)**

Notes

41. Explanation of transition to FRS 102 from old UK GAAP (continued)

Reconciliation of income and expenditure

Association	Year ended 31 March 2015 As previously stated	Effect of transition	FRS 102 (as restated)
Turnover	346.4	5.5	351.9
Cost of sales	(70.4)	(13.5)	(83.9)
Gross surplus	**276.0**	**(8.0)**	**268.0**
Operating costs	(178.2)	(5.6)	(183.8)
Impairment	(0.3)	-	(0.3)
Operating surplus	**97.5**	**(13.6)**	**83.9**
Surplus on disposal of fixed assets	-	-	-
Surplus on disposal of investments	-	-	-
Interest receivable and similar income	2.1	-	2.1
Interest payable and similar charges	(62.5)	(1.1)	(63.6)
Other finance costs	0.5	-	0.5
Gift aid donation received	-	-	-
Movement in fair value of financial instruments	-	(6.1)	(6.1)
Movement in fair value of investment properties	-	(29.3)	(29.3)
Surplus before taxation	**37.6**	**(50.1)**	**(12.5)**
Taxation	(0.1)	-	(0.1)
Surplus for the year	**37.5**	**(50.1)**	**(12.6)**
Actuarial (loss)/surplus in respect of pension schemes	(12.2)	(3.5)	(15.7)
Movement in FV of hedged financial instruments	-	(30.2)	(30.2)
Total comprehensive income for the year	**25.3**	**(83.8)**	**(58.5)**

Notes to the restated Group Statement of Financial Position and Statement of Comprehensive Income

Statement of Financial Position

Note – the "Effect of transition" column for 2014/15 includes FRS102 adjustments in respect of 2013/14 and 2014/15.

A.

2013-14

The Group opted to apply transitional adjustments under FRS 102 s.35.10(c) for first time adopters to elect to measure items of fixed assets at fair value at the date of transition and use that fair value as deemed cost at that date. Deemed cost has been applied only to land associated with social housing and shared ownership properties where the fair value of the land exceed the historical cost but capped at the fair value of total value of the assets. No fair values at transition date have been applied to either structure or any component. The SORP 2014 requires this to be treated as a revaluation performed at the transition date. A revaluation reserve of £413 million has been established for the movement with a corresponding debit to fixed asset cost. Additional accumulated depreciation of £112.9 million has been recognised on fixed assets that have been revalued with a corresponding debit in the income and expenditure reserve. Social housing grant of £1,216 million has been transferred out of fixed assets and sent to either the income and expenditure reserve, £324 million, (in accordance with accounting under the performance model) or creditors due in more than one year, £890 million, (in accordance with accounting under the accruals method). A further £1.3 million grant in other fixed assets has been reclassified to creditors due in more than one year.

Market rent properties of £20.3 million have been revalued and reclassified to investment properties from fixed asset cost. An uplift in value of £8.3 million has been recognised in the income and expenditure reserve.

Additional fixed asset adjustments have been processed to accurately present the financial position of the Group under FRS 102. These are:

- Transfer out of cost (£1.6 million) to income and expenditure reserves for amounts held against closed assets.
- Transfer out of cost (£1.6 million) to creditors due after more than one year for amounts held against grants on a stock swap.
- Transfer out of cost (£10.4 million) between housing properties and other fixed assets for amounts relating to communal assets.
- Transfer out of cost (£3.8 million) to income and expenditure reserves for amounts held against unidentified properties and group consolidation balances. The group consolidation balance is a debit of £6.5 million in fixed assets that does not affect Association.

These transitional adjustments equate to the £1,516,757,769 presented in the 2013-14 Group transition reconciliation and £1,510,237,132 in the 2013-14 Association reconciliation above.

2014-15

The Group suffered additional disposal costs of £9.7 million as a result of increased values assigned to properties revalued under deemed cost.

Impairment of £29.3 million on market rent units was recognised against investment properties and income and expenditure reserves.

£2.5 million of commercial property was reclassified to fixed assets from stock under current assets. An additional £500,000 correction was also added to group fixed assets from creditors due after more than one year. Neither of these adjustments affected Association.

Additional accumulated depreciation of £5.9 million was recognised on assets revalued to deemed cost.

The leaseback reversal of £2.8 million relating to commercial units has been taken out of investment properties in Association only.

In accordance with FRS 102 s. 16, market rent properties of £38 million previously classified as stock have been transferred to investment properties. An additional £692,000 also for market rent properties has been transferred out of housing properties to investments properties.

B.

The Group corrected historical erroneous balances within current assets amounting to £11.5 million by transferring amounts from debtors receivable within one year to income and expenditure reserves. Of this £1.7 million relates to historical consolidation adjustments and does not affect Association.

An impairment of £3.8 million recognised in a subsidiary entity against stock and income and expenditure reserves.

2014-15
Under FRS 102, £37.4 million relating to market rent units has been transferred from stock to investment properties under fixed assets. Additionally, £2.5 million relating to commercial units has been transferred to investment properties from stock.

C.
The Group accrued £605,986 for employee holiday pay to account for the difference between its holiday year end (31 December) and reporting year end (31 March) in accordance with chapter 15 of SORP 2014. This is a one-off non-reversing entry.

£956,571 was debited from creditors falling due within one year into income and expenditure reserves largely relating to corrections of historical erroneous VAT balances.

2014-15
Housing loans amounting to £27.7 million have been reclassified to creditors falling due within one year and from creditors falling due after more than one year to reflect amounts within housing loans due to be repaid within one year.

Deferred capital grant amounting to £5.5 million have been reclassified to creditors falling due within one year and from creditors falling due after more than one year to reflect the amortisation of grant attached to social housing properties due within one year..

Recycled capital grant amounting to £10.4 million have been reclassified to creditors falling due within one year and from creditors falling due after more than one year to reflect grants repayable to the HCA or GLA if not recycled within the year.

D.
The adjustment to Creditors: amounts falling due after more than one year relates to fixed asset and financial instrument adjustments. £893 million has been transferred from fixed assets and accounted for under the accruals method as prescribed under FRS 102 s.35 where capital grant is initially recognised as a creditor falling due after more than one year, deferred grant income, and amortised over the life of the fixed asset structure as recommended by SORP 2014.

A further £1.3 million relating to other fixed asset grants has been reclassified to creditors falling due after more than one year in accordance with FRS 102 accruals accounting.

The leaseback reversal of £2.8 million relating to commercial units has been taken out of investment properties and creditors falling due after more than one year in Association only to reflect the transfer of these properties to a wholly owned subsidiary. An adjustment of £82.2 million is included here to increase creditors falling due after more than one year to reflect the fair value to ineffectiveness of the interest rate swaps designated against the drawn floating rate debt.

£1.6 million has been transferred out of fixed assets and creditors due after more than one year in respect of a grant on a stock swap.

2014-15
£3.9 million has been recognised in creditors falling due after more than one year under recycled capital grants and in income and expenditure reserves to reflect the transfer of grants on disposals.

A total fall in loan costs of £86,560 has been recognised and reflected in income and expenditure reserves. Within this balance an amount of £1.2 million relates to a subsidiary entity that does not affect Association.

£1.7 million of social housing grants has been transferred to fixed asset costs

£36.2 million has been recognised relating to the Association's mark-to-market SWAPS.

A debit of £5.6 million has been recognised in relation to grant amortisation on properties recognised at deemed cost.

E.
A SHPS deficit of £12.3 million has been recognised against pensions liabilities and income and expenditure reserves to reflect the transfer out of a multi-employer scheme during the year ended 31 March 2016.

2014-15
SHPS pension payments, interest costs and actuarial losses amounting to £3.4 million have been recognised against pensions liabilities and income and expenditure reserves to reflect the transfer out of a multi-employer scheme during the year ended 31 March 2016.

Statement of Comprehensive Income 2014-15

F.
Under FRS 102, the accrual method of accounting for fixed assets and capital grant requires the amortisation of grant to be included as turnover with the corresponding credit in the income and expenditure reserve. The Group has shown £5.6 million in respect of social housing lettings and low cost home ownership units.

G.
Under FRS 102 additional cost of sales of £13.6 million has been recognised on social housing lettings and low cost home ownership units disposals.

H.
Operating costs in the Statement of Comprehensive Income have increased as a result of the additional depreciation for the year of £5.9 million that has been calculated on fixed assets net of grant as required by the accrual method. A net decrease to operating costs of £296,000 has resulted due to SHPS pension payments and charges. A charge of £700,000 has been included in the group costs relating to debtor reclassifications not included in the Association.

I.
Interest receivable and similar income has increased by £1.2 million following capitalised loan costs in a subsidiary group entity. This does not affect Association.

J.
Interest payable and similar charges have increased by £1.1 million following calculation of the effective interest rate on the Group's loan portfolio.

K.
An adjustment of £4 million to reflect the hedging ineffectiveness of the Group's interest rate swap has been posted against movement in fair value of financial instruments in the Statement of Comprehensive Income. An additional £2.1 million has been posted against Association.

L.
Following the transfer of market rent units from fixed assets to investments, a revaluation movement has resulted in a downwards movement of £29.3 million.

M.
The group has incurred an actuarial loss on its SHPS pension scheme of £3.5 million.

N.
A revaluation on the Group's mark-to-market swap financial instruments resulted in a downwards movement of £32.3 million.

Genesis

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