2012 Financial Statements

Genesis

Report and Financial Statements 2012

Contents

The Board, group executive team, committees and professional advisers

The Board

Charles Gurassa	Independent Member
Neil Hadden	Chief Executive
David Kleeman	Independent Member
Robert Kerse	Executive member – appointed 3 May 2011
Tom McGregor	Executive member
Rolande Anderson	Independent Member
David Turner	Independent Member
Genie Turton	Independent Member
Brian Ansell	Resident Board member
Imani Douglas-Walker	Resident Board member
Colette O'Shea	Independent Member – appointed 26 July 2011
Stephen East	Independent Member – appointed 26 July 2011

Group Executive Team

Neil Hadden	Chief Executive
Allison Sofekun	Director of Corporate Services
Tom McGregor	Chief Operating Officer
John Carleton	Managing Director Genesis Homes
Peter Cleland	Interim Director of Finance – appointed 8 December 2010; resigned 10 May 2011
Robert Kerse	Director of Finance – appointed 3 May 2011
Jackie Bligh	Director of Governance and Compliance – appointed 26 April 2011
Olu Olanrewaju	Divisional Director West – appointed 1 April 2011
Feargal Ward	Divisional Director East – appointed 1 April 2011
Stephen Robertson	Company Secretary – resigned 26 April 2011

Group Committees

Group Audit and Risk Committee	Chair – David Kleeman
Remuneration and HR Committee	Chair – Rolande Anderson
Genesis Homes	Chair – David Turner
Diversity Committee	Chair – Rolande Anderson
Nominations Committee	Chair – Rolande Anderson

Secretary

Stephen Robertson	Company Secretary – resigned 26 April 2011
Jackie Bligh	Company Secretary – appointed 26 April 2011

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

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

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

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

Operating and financial review

The Board presents its report and audited financial statements for Genesis Housing Association Limited (Genesis) and its subsidiaries for the year ended 31 March 2012.

Business objectives

Genesis is a registered provider of social housing and is one of the country's leading social investment businesses with approximately 33,000 (2011:40,000) homes under management in London and the South East of England.

The core of the 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 2012, Genesis' owned housing stock was valued in a desktop valuation at £5.4billion (2011: £5.4 billion) on a vacant possession basis.

Genesis aims to maximise the social value derived from its portfolio of social housing and during the year has approved an asset management strategy reflecting this. As part of this strategy Genesis is open to the acquisition and disposal of assets, particularly those which it would be uneconomic to retain and maintain to the Decent Homes Standard. However, it plans to always acquire significantly more new affordable housing units each year than are sold. 129 affordable housing units were sold during the year (2011: 137 units) and 1,144 new affordable units were handed over from the development programme (2011: 462 units).

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

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

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

- The provision of approximately 31,000 affordable homes for people unable to afford to rent or buy in the open market
- Support for vulnerable people through supported housing
- A range of housing products for the intermediate market, including shared ownership and intermediate market rent
- Development of new properties for affordable rent, shared ownership and also outright sale
- Temporary accommodation with more than 3,500 homes under contract to 14 local authorities
- Housing management contracts for local authorities, other housing associations, primary care and NHS trusts, developers and private investors with 2,000 homes under management
- Community development and regeneration for existing properties to improve the quality of life in local neighbourhoods. We do not just demolish and build new homes, we work with communities to address issues of health; education; opportunities for young people; employment; and safety
- Delivering around 3,000 new homes over the next three years, Genesis is an investment partner under the HCA'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.

Operating and financial review

Vision, mission and values

Genesis is to be a Leading Property Based Service Provider.

There are three key elements to this vision:

1. Leading – meaning that we are a high performing organisation;

2. Property Based – reflecting the homes we own and manage and the neighbourhoods in which we work;

3. Service Provider – confirming why we are here – to provide housing and related services to our customers and potential customers.

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

To provide quality homes and services to enable our customers to build better futures.

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

Customer focus
Putting customers at the heart of everything we do, involving them and being accessible
- We will try to understand our customers' needs and expectations
- We shape our services and develop solutions, informed by our customer insights
- Decisions are made with customers in mind
- We keep our promises to customers

Respect
Treating people as individuals with integrity, respect and professionalism
- All customers (externally and internally) are treated with the same high level of respect
- We recognise that customers are individuals with differing requirements
- We are professional in our approach to all who have contact with Genesis

Partnership working
Working in partnership to deliver for our customers and communities
- We work locally with stakeholders to deliver benefits for our customers and the wider community
- Partnerships deliver more than Genesis could on its own
- We use the skills and resources of our partners to benefit customers and communities

Efficiency
Making efficient use of our resources and continuously improving the way we do things
- We seek to provide good value for money in all we do
- Genesis will embrace change and seek continually to improve its services
- We will act in a business like manner

Good employer
To be a good employer, valuing our staff and investing in them
- We aim to have a pay policy which is competitive, fair to all staff and easy to understand
- We will enable our staff to balance their working and home lives and stay committed to longer-term careers with Genesis
- We want every employee at every level of the organisation to be able to fulfil their potential at work, and develop their career
- We encourage staff to take training and development opportunities

Operating environment

The environment in which Genesis operates continues to be characterised by ongoing turbulence in the housing and financial markets, poor and uncertain performance of the wider UK economy and significant shifts in the public policy that governs its operations.

Genesis' 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.

2011/12 saw the enactment of the Localism Act which brings about the abolition of our regulator, the Tenant Services Authority, seeing it become part of the Homes and Communities Agency albeit with a separate, independent regulation committee. A new regulatory framework came into place in April 2012 focussing on economic regulation but also emphasising the importance of consumer regulation by Boards, Tenant Panels, MPs and Councillors. We have a completely new funding framework with the introduction of the Affordable Rent model, requiring some 13% of the cost of development by new grant. At the same time there is a fundamental overhaul of the benefits system with the withdrawal of the direct payment of Housing Benefit to Associations for many of our residents. Moody's Investor Services have reviewed the potential impact of welfare reforms on Genesis' business and concluded that they represent a manageable risk. Genesis is actively developing and implementing plans to minimise the potential impact of welfare reforms.

Operating and financial review

Review of the year ended 31 March 2012

The year ended 31 March 2012 has been one of consolidation, which focussed on harmonising and improving the provision of services to customers, delivering efficiencies and ensuring that the business has the right platform to thrive in the challenging operating environment described above.

Streamlining the corporate structure
On 20 April 2011 Genesis Housing Group, Pathmeads Housing Association Limited, Springboard Housing Association Limited and Paddington Churches Housing Association Limited amalgamated to form Genesis Housing Association Limited ('Genesis').

The amalgamation has created a single administrative structure, which has enabled us to deliver improved services to customers. This is evidenced by an improvement in the percentage of customers satisfied with Genesis' overall service from 69% in March 2011 to 74% in March 2012. Implementation of a more efficient operating model as a consequence of the amalgamation has been responsible for delivering a step change in the operating margin to 22% during 2011/12. The operating margin averaged 16% over the previous three years.

Strengthening governance arrangements
The parent company Board was refreshed when the previous parent company Genesis Housing Group Limited amalgamated with its three principal Registered Provider subsidiaries to form Genesis Housing Association Limited. This process has brought fresh development and finance expertise to the Genesis Housing Association Board along with two new resident members.

Genesis has also strengthened its resident engagement arrangements during the year through the creation of five resident regional committees and a resident scrutiny panel.

These developments are an important part of Genesis Board's system of co-regulation, which provides assurance to the Board over the effectiveness of the management of the receipt of services by customers.

The Board revised its sub-committee structure during the year to ensure that it is obtaining adequate assurance from non executives over the management and operation of the business. Non executives with treasury, finance, development, legal and planning skills comprise the membership of the sub-committees alongside board members.

Formation of Genesis was also characterised by the recruitment of a fresh Executive Team bringing new Finance, Development and Governance Directors into the business.

The Tenant Services Authority recognised the significant improvements made over the year by revising its Regulatory Judgement of Genesis' governance arrangements upwards in February 2012 to, 'The governing body, supported by appropriate governance and executive arrangements, maintains satisfactory control of the organisation'.

Improving financial performance
Five Year Summary of Financial Performance:
The table overleaf has been compiled to reflect the Boards' view of the most appropriate presentation of the group's financial results and incorporates some reclassifications from the format used in the statutory accounts.

Operating and financial review

Five year summary of financial performance

	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Operating income	**213.1**	220.9	208.8	195.4	179.3
Operating costs	**(166.4)**	(185.7)	(172.1)	(166.3)	(152.7)
Operating surplus	**46.7**	35.2	36.7	29.1	26.6
Net interest	**(43.4)**	(37.9)	(34.2)	(29.3)	(24.9)
Net operating (deficit)/surplus	**3.3**	(2.7)	2.5	(0.2)	1.7
Surplus on sale of assets	**22.5**	27.9	26.1	14.0	21.2
Impairment	**1.8**	(20.7)	(5.9)	(6.9)	(5.8)
Taxation	**-**	0.1	-	-	0.1
Asset management surplus	**24.3**	7.3	20.2	7.1	15.5
Surplus for the year from operations	**27.6**	4.6	22.7	6.9	17.2
Genesis Community Foundation	**(1.7)**	(1.3)	(0.8)	(1.3)	(1.3)
Joint venture activities	**0.5**	(4.8)	(9.2)	(4.9)	(3.9)
Surplus on sale of joint venture interest	**-**	5.6	-	-	-
Net group surplus for the year	**26.4**	4.1	12.7	0.7	12.0
Operating margin	**21.9%**	15.9%	17.6%	14.9%	14.8%
Net surplus margin	**12.4%**	1.9%	6.1%	0.4%	6.7%

Operating and financial review

Significant growth in the net surplus margin has been delivered by three key actions. First, losses sustained from joint venture activities over the preceding four years were brought to an end through the sale of Genesis' interest in Grainger GenInvest joint ventures in March 2011. Genesis continues to manage the 1,600 Grainger GenInvest properties. Exposure to losses through other joint venture arrangements has been largely mitigated by a disposal of the Genesis' interest in Bishopsgate Apartments LLP in May 2012. Genesis' investment in joint ventures is now limited to a £1.5m investment in Quintessential Homes LLP, which holds 28 completed properties for market rent in north London.

Second, action taken to develop out the group's land bank sites has significantly reduced the risk of further new impairment charges. This has included starting to develop out some sites, revising the tenure mix on development schemes to tenures such as market rent that are likely to deliver greater and more certain long term value to the group in the present operating environment. The book value of the land bank stood at £31m as at 31 March 2012 (2011: £68m).

Third, the creation of a single administrative platform following the amalgamation of four of the Registered Providers to form Genesis has delivered significant efficiencies that have been an important contributing factor to a step change in the operating margin. Improvement in the operating margin has been delivered, despite a reduction in operating income, which has principally arisen from a 17.5% reduction in the number of units managed by Genesis to 33,000 (2011: 40,000) following the cessation of management contracts on behalf of the London Boroughs of Hackney and Westminster.

Surpluses on disposal of property have remained reasonably strong. The level of surplus fell to £21.7m (2011: £27.9m) principally due to a reduction in volume of first tranche shared ownership sales and sales of previously rented properties, as shown in the following table. A net loss was generated from property developed for outright sale following a decision to sell the remaining 48 properties at the Silver Wharf development, East London, at a discount to a bulk purchaser in order to generate significant cash flow and reduce borrowing costs.

Surplus on sale

	2012 No of units	2012 Sales value £m	2012 Cost of sales £m	2012 Surplus / (deficit) £m	2011 No of units	2011 Surplus / (deficit) £m)
First tranche shared ownership sales	**284**	**20.5**	**(17.9)**	**2.6**	454	5.0
Sales of previously rented properties	**129**	**28.9**	**(8.3)**	**20.6**	137	23.4
Sales to regeneration agencies / other RPs	**108**	**20.7**	**(20.0)**	**0.7**	129	-
Staircasing of shared ownership	**52**	**4.5**	**(4.2)**	**0.3**	34	0.6
Right to buy and right to acquire	**4**	**0.8**	**(0.8)**	**-**	8	-
Newly developed homes for outright sale	**99**	**25.2**	**(26.6)**	**(1.4)**	40	0.2
Sale of commercial units	**2**	**0.2**	**(0.5)**	**(0.3)**	7	(1.3)
		100.8	**(78.3)**	**22.5**		27.9

Operating and financial review

Delivering better operational performance
Management action has been focussed on improving both arrears and re-let times in order to improve cash flow and financial performance. Improvement was delivered in these areas during the year and has been further built on to date. Organisational change delivered as part of the amalgamation of the principal Registered Providers in April 2011 has enabled the development of more effective and consistent services across the group.

Operational changes delivered following the amalgamation have also had a positive impact on customer satisfaction with Genesis' overall service and importantly satisfaction with the repairs service. Repairs is the most important service to Genesis' customers. Customer satisfaction with repairs fell temporarily during 2011/12 whilst we undertook a restructure of Genesis' maintenance company, Pathmeads Property Services, (trading as Shenstone Services) to improve the efficiency and effectiveness of its operation to Genesis residents.

Value for money
Genesis is committed to delivering better Value for money for its residents and other stakeholders. Its 2012/15 Corporate Strategy, which is underpinned by The Genesis Way corporate transformation programme, sets clear objectives and contains supporting strategies to deliver improvements to the quality of service and cost reduction over the next three years. This is supported by a new Value for Money Strategy. The metrics in the following tables show planned reductions in management and maintenance costs per unit. However, there will be increased investment in overheads, and consequently total operating costs, as investment is made in organisational development in the short term to deliver more significant savings and services improvements in the future.

Indicator	Target 2011/12	Financial year 2010/11	Financial year 2011/12	April-May 2012
Resident overall satisfaction with Genesis (%)	85.0	69.4	70.7	72.6
Resident satisfaction with Repairs Service (%)	88.0	73.8	72.5	76.3
Cash collection (%)	100.5	100.7	100.1	102.0
Current tenant arrears (gross of Housing Benefit) (%)	6.0	6.9	6.5	6.0
Void loss (%)	2.1	3.0	2.2	2.0
Void loss (£m)	3.5	5.9	4.1	0.6
Re-let performance times	32 days or less	34	29	26

Value for money

	2009	2010	2011	2012	2013
	Peer Association Median*			Genesis Actual	Genesis Projection
			£m	%	%
Operating surplus from social housing lettings	n/a	n/a	n/a	46.7	58.8
Operating surplus from social housing lettings	17.0	18.9	20.6	21.9	24.7
Effective interest rate	6.0	5.3	5.1	4.8	4.9

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

Operating costs for general needs units

	2012 Genesis Actual	2013 Genesis Projection
Operating cost per social housing unit (£)	3,909	4,049
Maintenance cost per unit (£)	1,927	1,569
Management cost per unit (£)	1,717	1,449
Bad debts per unit (£)	62	36
Service cost per unit (£)	488	509
Overhead as % of Income (%)	7.6	8.2

Operating and financial review

Financial position – balance sheet

	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Completed housing properties	**2265.9**	2,124.8	2,004.1	1,677.7	1,356.1
Development work in progress	**345.8**	299.3	410.5	606.4	569.5
Properties for sale (current assets)	**114.0**	167.2	145.2	158.5	157.5
Social housing grant and other grants	**(1,163.1)**	(1,088.7)	(1,042.9)	(925.0)	(834.1)
	1,562.6	1,502.6	1,516.9	1,517.6	1,249.0
Investments and other fixed assets	**44.5**	22.9	32.4	33.5	30.9
Share of joint venture assets/(liabilities)	**2.0**	2.5	(0.3)	(1.1)	40.1
Other net current assets	**67.1**	24.5	34.6	22.4	23.0
	1,676.2	1,552.5	1,583.6	1,572.6	1,343.0
Financed by:					
Loans	**1,429.9**	1,346.7	1,375.3	1,371.2	1,112.7
Other long term liabilities	**30.0**	7.4	23.2	30.0	33.8
Reserves	**216.3**	198.4	185.1	171.4	196.5
	1,676.2	1,552.5	1,583.6	1,572.6	1,343.0

Operating and financial review

Completed housing properties

An external desktop stock valuation was performed at the year end. The value of Genesis' properties at 31 March 2012 under a variety of bases significantly exceeds the net book values included in the financial statements.

	Value 2012 £bn	Excess over book value £bn	Value 2011 £bn
Net book value	1.18	-	1.13
Existing use value for social housing (EUV-SH)	1.48	0.30	1.36
Market value subject to tenancies (MV-T)	3.18	2.00	2.96
Estimated vacant possession value (VP)	5.43	4.25	5.43

Analysis of values at 31 March 2012 by property type

	EUV-SH £bn	MV-T £bn	VP £bn
General Needs Housing	1.02	2.65	4.33
Supported Housing	0.11	0.18	0.36
Shared Ownership Housing (LCHO)	0.18	0.18	0.41
Intermediate Rent	0.08	0.08	0.15
Keyworker accommodation	0.09	0.09	0.18
Total	**1.48**	**3.18**	**5.43**

Analysis of values at 31 March 2012 by location

	EUV-SH £bn	MV-T £bn	VP £bn
Inner London	0.95	2.19	3.90
Outer London	0.23	0.46	0.73
Outside London	0.30	0.53	0.80
Total	**1.48**	**3.18**	**5.43**

Operating and financial review

Completed housing properties includes 590 (2011: 257) new homes that were completed during the year for rent, 402 (2011: 117) new homes for Low Cost Home Ownership and 152 (2011: 88) homes for intermediate rent. Development during the year also included the completion of 115 (2011: 156) homes for outright sale (including shared equity) and 11 (2011: 8) commercial units. The cost of new homes completed was £145.5m (2011: £222.9m). Genesis completed in total 1,270 (2011: 626) new homes and commercial units during the year. Funding received from the HCA was £29.5m (2011: £36.1m).

The £328.7m (2011: £298.9m) of development work in progress as at 31 March 2012 has remained at a consistent level to the previous year following a significant reduction since 2008, when the group ceased acquiring land. Development activity has focussed on developing out sites previously acquired. The number of homes under development at 31 March 2012 has decreased to 1,677 (2011: 2,163) and the value of the land bank not in the course of development has reduced to £31m (2011: £68m). Additional development commitments over the next three years are limited to delivering Genesis' contract for 285 new affordable homes under the HCA's 2011-15 National Affordable Housing Programme, its ongoing commitment to the regeneration of Grahame Park and Woodberry Down and the development of the remaining land bank sites.

The expenditure per existing social housing on new supply was £2,666 per unit. The capital commitments to new schemes as a proportion of fixed assets was 17%.

Forecast unit completions by tenure 2012-15

	2013	2014	2015
Private sale	309	350	403
Shared ownership	153	66	77
Commerical sale units	4	3	3
Rented (social affordable)	738	435	193
Total	**1,204**	**854**	**676**

Development cashflow projections 2012-15

	2013 £0,000	2014 £0,000	2015 £0,000
Investment in new homes	(168,942)	(213,330)	(170,870)
Grant	17,638	8,549	4,631
Existing house proceeds	33,209	28,984	29,274
Proceeds from outright sale/first tranche sale	75,251	90,851	48,634
Total net inflow (outflow)	**(42,844)**	**(84,946)**	**(88,330)**

In addition to the development of new homes, Genesis continued to invest in its existing properties through its major repair programme. Total spend on major repairs in the year was £14.9m (2011: £16.0m). All properties meet the Government's Decent Homes Standard.

Operating and financial review

Financing

At 31 March 2012, Genesis' total borrowings were £1,442m from available facilities of £1,633m (2011: total borrowings were £1,342m from available facilities of £1,632m). At the same date, Genesis had cash balances available of £57m and additionally had £155m of secured loan facilities available to draw down within two days and a further £15m of borrowing facilities available for use once security is provided.

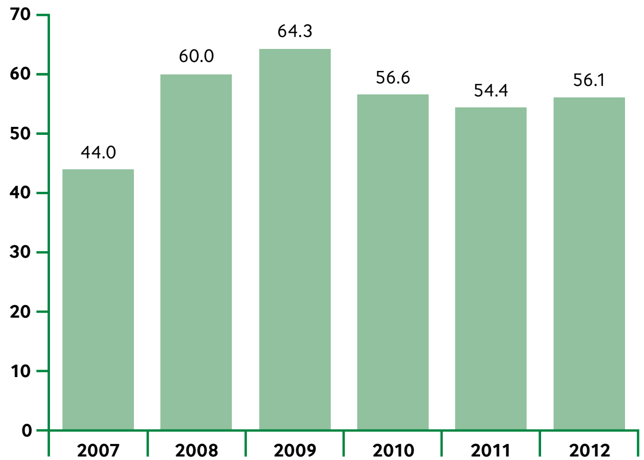
Genesis issued a £250m Bond in 2009 through Genesis' Capital Markets company, Genfinance II plc. £200m of the bonds issued were sold with the remaining £50m held in reserve under a Custodian Agreement. The £50m Reserve Bonds were sold in July 2012.

Genesis maintained its long term AA- rating with a stable outlook from Fitch. Moody's Investor Services downgraded the outlook of Genesis' A1 rating from stable to negative in February 2012 in response to a downgrade in Moody's Investor Services' outlook for the UK Sovereign Rating. Genesis' rating is underpinned by the support it receives from the UK government. This rating action by Moody's Investor Services was applied to all of the Registered Providers that Moody's rate.

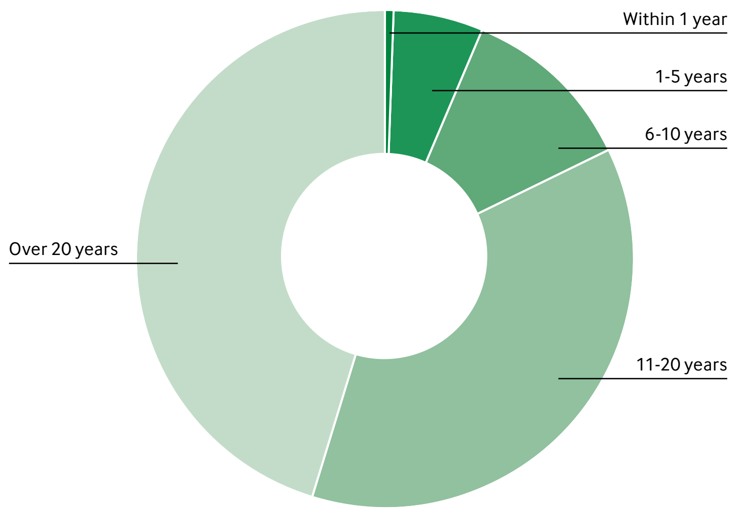
Debt per unit has remained at a consistent level to the previous two years and is projected to remain at current levels until development of the legacy land bank sites is completed in 2015.

Genesis' re-financing risk is considered to be low with 94% (£1,347m) (2011: 95%; £1,264m) of debt due for repayment after 5 years. Options for a lender to cancel a £50m loan facility at future dates were removed during the year providing greater certainty over the continuation of existing borrowing facilities. None of Genesis' long term loan facilities contain any lender cancellation options.

Debt per unit (£000s)



Debt repayment profile

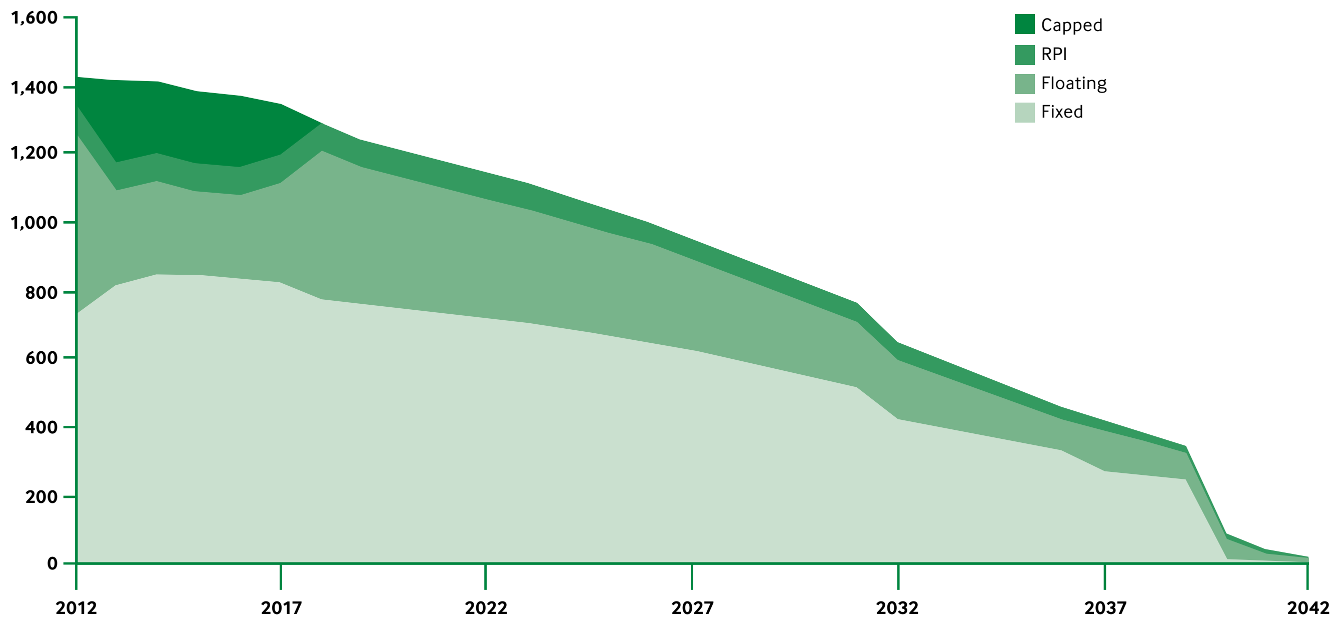


Operating and financial review

Exposure to interest rates is managed through the use of standalone and embedded hedges. At 31 March 2012 £185.5m (2011 £220.5m) of standalone interest rate swaps were outstanding with an average maturity of 18 years. Genesis' total hedged position, (consisting of fixed, capped and RPI linked interest rates) was £888m at 31 March 2012, representing 62% of the total borrowings (2011: £1,017m representing 76% of total borrowing). At 31 March 2012 Genesis had a number of forward starting interest rate swap and cap contracts in place such that the total hedged position for existing debt climbs to £1,136m by 31 March 2013 representing 80% of total borrowings. Genesis expects to raise a combination of fixed rate and floating rate funding and implement further hedging in the coming financial year, targeting a 90% total hedged position.

Modifications were made to Genesis' interest rate hedging strategy during 2011/12 in order to: adjust the hedging position in the short term so that Genesis' interest costs are less fixed during a period of potentially continuing low economic growth and low interest rates; remove counterparty options to cancel or double the notional of swaps to give greater certainty over the future cost of these financial instruments; and align the stand alone swaps with Genesis' contracted floating rate debt facilities.

Debt hedging profile



Operating and financial review

Cash flows

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

The cash flow statement shows that during the year Genesis generated net cash inflow of £10.2m (2011: £18.6m) and made net interest payments of £60.4m (2011: £53.5m). Genesis increased its net debt by £75.4m (2011: increase of £26.1m) in the year and received £92.1m (2011: £73.8m) and £102.9m (2011: £52.0m) in capital grants and properties sales respectively. Capital expenditure outflow on housing properties was £189.9m.

In the current uncertain economic climate, Genesis' policy relating to liquidity is to hold sufficient cash to meet six months' working capital requirements (estimated at £50m) and committed loan facilities to cover the next 18 month's planned net investment. Short-term balances are primarily placed in money market funds with residual amounts placed with Genesis' clearing bank, which Genesis has also borrowed from. Genesis operates strict investment guidelines in respect to surplus cash with the emphasis on the preservation of capital.

Summarised cash flow

	2012 £m	2011 £m
Net cash flow from operations	90.2	19.4
Interest	(60.4)	(53.5)
Expenditure on improvements to existing properties	(14.9)	(16.0)
Development of new properties	(104.6)	101.3
New loans raised (repaid)	99.9	(32.6)
Increase in cash in the year	**10.2**	**18.6**

Operating and financial review

Genesis structure during 2011-12

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

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

Eastwards Trust
A charitable company limited by guarantee directed at people in need, primarily from the black and minority ethnic communities in Newham and neighbouring boroughs.

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

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

GenInvest Limited
Responsible for investing in and monitoring Genesis' non regulated activities. The only remaining joint venture investment is £1.5m in Quintessential Homes LLP which holds 28 units for market rent. GenInvest also holds the shares for two principal development companies; Stoke Quay New Homes Limited and Central Chelmsford Development Agency.

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

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

Pathmeads Property Services Limited (trading as Shenstone Services)
A limited company whose purpose is to provide maintenance services internally to Genesis companies and externally through maintenance contracts.

Operating and financial review

Performance of subsidiaries

Eastwards Trust
Eastwards Trust is a community based organisation and has a track record in delivering both generic and specialist services for BME communities for over 29 years in Newham and neighbouring London Boroughs. Eastwards provide a range of services including preventative services that contribute to "The Government's Older People's Strategy" and "Transforming Social Care Agenda". The services include housing related support, homecare, day-care, lunch club provision and a wide range of activities and outings. The major source of income is currently by way of trust, grant and contract income from London Borough of Newham and Big Lottery Funding. On 31 March 2012 the Eastwards Trust transferred its operating contracts to Genesis and its restricted Charitable funds to Genesis Community Foundation. These funds will be restricted for assisting older people and will be governed by the Trustees of the Genesis Community Foundation.

Genesis Community Foundation
The charity works with Genesis residents to make a real difference through community programmes such as employment and training as well as social activities for young and older people. Genesis Community continues to embed its work into the main stream of Genesis.

This has been an exciting year for the charity as it has launched the very innovative and radical new programme called Opportunities Plus. It is the latest strand in the overarching Opportunities for Life Change Programme. It is a programme designed to offer empowerment and support targeted at those of Genesis residents who need to improve their life chances, through giving them the tools to help themselves.

The three main strands to the Life Change Programme are Opportunities Plus, Young People's programme and the Programme for Old and Vulnerable People. In addition the charity has continued to deliver the externally funded employment outreach programmes commissioned by the London Boroughs of Hackney and Westminster City Council. The charity has also developed its Financial Inclusion Programme by the recruitment of a dedicated manager and additional advice staff. It continues to work in local communities, manages five community centres and continues its community capacity building Small Grants Programmes.

Pathmeads Property Services (trading as Shenstone Services)

Shenstone Services provide the reactive repairs service for Genesis. During the past year Shenstone completed 42,000 repairs, equivalent to 161 orders per working day.

The Directors have responded to the below budget performance in 2011 by appointing external widely experienced consultants to implement a comprehensive business change process to improve all aspects of performance and control. Significant progress has been made during the year and whilst the company made a loss of £1.9m (2011: £3.8m) much of this loss is due to restructuring charges and one-off expenditures. The Directors continue to monitor progress closely although they are much happier with progress during the year and further important decisions about the future of the company will be made during the next year. The strategic direction of the company will continue to focus on internal contracts and improving customer satisfaction for Genesis residents in the coming years.

Operating and financial review

Remuneration

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

Board member	Salary £	Other benefits £	Fees £	Total £
Non-Executive				
Charles Gurassa – Chairman	-	-	20,000	20,000
David Kleeman	-	-	9,218	9,218
Rolande Anderson	-	-	9,218	9,218
David Turner	-	-	9,218	9,218
Genie Turton	-	-	6,500	6,500
Brian Ansell	-	-	6,108	6,108
Imani Douglas-Walker	-	-	6,158	6,158
Colette O'Shea	-	-	4,342	4,342
Stephen East	-	-	5,017	5,017
Executive Directors				
Neil Hadden – Chief Executive	200,000	14,102	-	214,102
Robert Kerse – Finance Director	118,833	8,913	-	127,746
Tom McGregor – Chief Operating Officer	134,025	33,166	-	167,191

The salary and fees of the Chief Executive and Chairman on a £ per unit basis were £4.96 and £0.50 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	Other benefits	Fees	Total
Feargal Ward	107,184	24,419	-	131,603
John Carleton	127,550	7,882	-	135,432
Jackie Bligh	90,000	5,780	-	95,780
Allison Sofekun	127,600	1,622	-	129,222
Olu Olanrewaju	107,184	722	-	107,906

Operating and financial review

The future outlook

Corporate strategy
The key corporate objectives for Genesis' 2012-15 strategy period are:

- to improve the delivery of services to our residents
- to invest in our workforce to help us deliver our objectives; and
- to implement the organisational changes in order to make us more effective and efficient.

Five high level corporate objectives build on these themes for the organisation. These give a clear indication of our priorities for the next three years. They are:

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

These objectives provide a framework for four supporting strategies (Customer service, Finance, Property portfolio & markets and Organisational effectiveness), work programmes and priorities for all parts of the organisation.

We know we are not yet delivering the performance and service levels that we should be. Over the last twelve months we have spent a considerable amount of time and effort in reviewing activities such as our repairs and maintenance service, the management of service charges and the contact centre. We now expect to see the benefits of that work reflected in better performance levels and higher customer satisfaction ratings. That is not to say though that we do not have some distance to travel before we can be considered a leading property based service provider.

Future financial performance
Genesis' Board approved a new Financial Framework in July 2011 designed to establish key financial measures and targets to drive an improvement in Genesis' financial performance and maintain an appropriate buffer to absorb unforeseen financial risk in the current uncertain operating environment. The 2012-15 Finance Strategy supplements the Financial Framework by introducing targets to bring Genesis' financial performance in line with the average G15 London Association by 2015.

The Board is focussing on the EBITDA MRI (Earnings before Interest, Tax, Depreciation and Amortisation after adding back capitalised Major Repairs and Interest) interest cover ratio, as this measures the ability of the business to generate enough cash from its core rent, care and support activities excluding sales of existing assets to fund its cash funding costs. Genesis is planning to generate at least 100% cash cover for its funding costs by 2013/14. This position could be achieved sooner; however, investment in The Genesis Way corporate transformation project, which commences in 2012/13, places a burden on cash operating surpluses in the short term. This investment is necessary to deliver significant planned efficiency savings in the medium term to bring Genesis' cash operating performance in line with the average G15 London Association by 2015.

Operating and financial review

Financial projections

12/13 budget year	2013	2014	2015	2016	2017	2018	2019	2020	2021
Surplus	30,876	34,281	39,895	33,077	35,362	40,592	50,164	50,078	56,933
EBITRA MRI	90%	101%	121%	127%	137%	151%	168%	181%	195%
Financial framework target	90%	90%	120%	120%	120%	120%	120%	120%	120%
EBITRA MRI sales	125%	134%	148%	150%	156%	170%	189%	204%	219%
Financial framework target	110%	110%	110%	110%	110%	110%	110%	110%	110%
Gearing	50%	49%	49%	48%	46%	45%	43%	41%	39%
Financial framework target	60%	60%	46%	46%	46%	46%	46%	46%	46%
Annual funder interest cover covenant	186%	179%	174%	161%	162%	171%	189%	193%	207%
Interest cover – Internal target	125%	125%	125%	125%	125%	125%	125%	125%	125%
Interest cover – Covenant	105%	105%	105%	105%	105%	105%	105%	105%	105%

Operating and financial review

Key risks

Key risk	Mitigating actions being taken
Adverse changes in government policy such as welfare reform and the funding of new affordable homes	• Carry out financial modelling on possible impacts • In relation to welfare reforms: identify residents at risk; create strategies for dealing with impacts on residents; train staff; and engage with residents and Regional Committees • Engage in consultation with other Housing Associations, Local Authorities, Charities, Government bodies
Major supplier / contractor failure in the current economic environment	• Due diligence carried out on suppliers and contractors including regular viability checks on suppliers • Procurement department oversees all suppliers and contractors and maintains a live risk register • Effective use of market intelligence • Procurement procedures reviewed in the last year • Appropriate use of performance bonds and retentions
Loss of profitable contracts, in particular, temporary housing	• Delivery of plans to improve the efficiency of services and reduce overheads • Strategic review of Supported and Temporary Housing underway • Business Excellence team to help with analysis in new bid tenders • Enhanced analysis of contract performance • Partnering with other organisations to increase scale
Failure to deliver new homes development programme	• Financial modelling taking place at project level • Increased risk management taking place • Long term financial plans and corporate finance strategy in place • Targeted demand and marketing strategy and early consultation • In-house project management skills to deliver development schemes • Procurement rules adhered to • Adequate controls and governance e.g. Genesis Homes Board • Risk register and exit strategy for every project
Failure to deliver first tranche shared ownership	• Development of new enabling products to improve access to home ownership • Targeted marketing strategies • Exploring investment partners and tenure changes • Delivering good quality homes for sale in well sought after locations • Continually improving the customer experience
Failure to deliver The Genesis Way corporate transformation programme	• Programme underway that is overseen by a Programme Board • Skills gaps identified and plans to close them in place • Staff recognition and reward projects being implemented • New frameworks being implemented to underpin the programme • Culture change projects underway • Skills and knowledge of staff being enhanced • Increased project and risk management taking place

Neil Hadden
Chief Executive

Report of the Board

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

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

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

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

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

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

The Board are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the group and enable them to ensure that its financial statements comply with the Industrial and Provident Societies Acts 1965 to 2003, the Housing Act 1996 and the Accounting Requirements for Registered Social Landlords General Determination 2006. The Board has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.
The Board are responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Corporate governance

The Board comprises nine non-executive Board and three co-opted Executive Directors. The Board confirm that Genesis Housing Association Limited ("Genesis") has adopted and complied with the National Housing Federation's Code of Governance.

The Board is responsible for the effective governance of the group whilst the day to day management is in the hands of the Executive Directors. The Board has agreed a scheme of delegation to four committees and the Executive Directors. The four committees are the Audit and Risk Committee, the Nominations Committee, the Diversity Committee and Genesis Homes.

The core responsibility of the Audit and Risk Committee is to provide assurance to the Board that the group has in place and operates an appropriate control framework to safeguard its assets and manage risks. This includes risk management, appointment and management of internal and external auditors and setting and management of financial plans and budgets. The Nominations Committee regularly reviews and plans the membership of the Board to meet the leadership needs of the group. The Diversity Committee ensures the group has in place and operates diversity policies in line with best practice. Genesis Homes manages the development programme with overall financial limits set by the Board and ensures the development programme is carried out in accordance with the group's design and construction standards.

Internal controls

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

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

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

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

Report of the Board

Control environment
The group amalgamated its four Registered Providers at the start of financial year 2011/12 to create the new single charitable Registered Provider Genesis Housing Association Limited. This has facilitated the creation of a single administrative platform, which has delivered a new coherent and consistent framework for management, governance and control matters.

The Association concluded during the year a dedicated project, which commenced in 2009, to improve the level of control over certain activities where controls were considered to be inadequate. Work to ensure continuous improvement in the system of internal control across the business, which includes audits of key systems and development of policies and procedures, remains an important focus for the Association in order to reduce the risk of fraud and error.

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

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

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

The risk framework requires comprehensive risk registers to be produced for all key business areas and departments and these are regularly monitored, reviewed and updated as appropriate. In addition risk mitigation plans are developed to include the key milestones and actions to be taken to address risk. The ARC (on behalf of the Board) scrutinises and monitors the risk framework across the group and provides assurance to the Board that risk management is being operated effectively. In addition, regular risk clinics take place to hold key managers and Directors to account for their actions in managing and mitigating risk. During the year risk was also monitored and discussed by the Executive team and through subsidiary Boards and their senior management teams.

The risk management department provides advice, support and guidance to all staff and Board members as necessary. It promotes best practice, raises risk awareness, facilitates and runs workshops and training events provides, staff with appropriate tools and techniques and facilitates or scrutinises various projects to help minimise risks. The department also attends a number of committees and working parties to advise on and support staff in identifying and evaluating risk as well as opportunity.

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

Control procedures
Policies and procedures are in place for significant aspects of the Genesis business. These include defined authorisation levels for both revenue and capital expenditure, including new projects. The Genesis Homes Board, which has specific delegated powers from the Genesis Board and subsidiary Boards, examines new projects, recommends major projects for approval by the Board and monitors the progress of projects. Other examples of control procedures are fraud prevention, treasury management, health and safety, recruitment, training, and performance monitoring.

Internal audit
The Internal Audit function continues to assess internal controls, including financial controls and provides independent assurance on areas reviewed. Management is responsible for instituting appropriate action to correct weaknesses identified by the internal and external audit reports and for providing regular updates on the status of the action plans for the ARC. The Head of Internal Audit reports directly to the Director of Governance and Compliance and also has direct access to the Chief Executive and the Chair of the Audit and Risk Committee.

Report of the Board

Effectiveness of the system of internal control

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

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

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

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

The above procedures and policies are designed to identify, evaluate and manage the significant risks to Genesis. The Board have received the Chief Executive's annual report on internal control assurance, reviewed the main policies designed to provide effective internal control, reviewed the fraud register, which indicates whether the HCA has been notified, and reflected the information contained within its review.

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

Employee involvement

Genesis encourages the involvement of employees in its management through regular meetings of the Genesis Forum, a consultative body of staff which has a key role in the dissemination of information of particular concern to employees and for receiving employee views on important matters of policy.

Key business decisions are made through consultation with the Genesis Forum as well as employee Focus Groups. The nature and frequency of these will depend on the decision being made.

The Association also encourages and acts upon staff feedback through a number of mechanisms, which this year has included a quarterly staff survey and a major staff perception survey as part of the Times Top 100 Employers process. The feedback is used to drive a process of continuous improvement in employee engagement. Other initiatives include regular sessions of the senior managers with the Chief Executive and sessions offering all staff across the Association the opportunity to meet with him at least once a year. The well-established GenBrief system cascades information and allows upward feedback and questions, to which answers are shared across the Association as well as our monthly staff publication G-mag.

Regular emails and announcements are made on the company intranet, Genie, to notify staff of key information immediately in addition to the monthly printed documents.

Our annual staff conference celebrates our successes over the last Financial Year and all employees are invited to attend as well as participating in the preparation and design of the event and volunteering on the day. Regular one on one staff supervisions take place to monitor staff's progression and duties and to keep staff informed about the performance of the business. This is brought together at the end of the year through the completion of our Annual Appraisals.

Employees continue to be the group's greatest asset, and our commitment is shown by Investors in People (IiP) recognitions.

Diversity and Inclusion at Genesis

Genesis has a strong commitment to diversity and uses it as a business tool to help the organisation deliver inclusive services to its diverse residents.

To achieve this objective we have in place a robust framework to embed diversity into all functions of the organisation. Our Diversity Strategy covers all the protected characteristics as defined in the Equality Act 2010. The strategy supports the organisation to meet the requirements of legislation and support the achievements of the Corporate Strategy. The implementation of the Diversity strategy is monitored by the Diversity Committee, a sub-committee of the Board, through quarterly reports. The organisation has in place a senior management role which leads on day to day implementation of the strategy.

Report of the Board

During 2011/12 we have continued to build on increasing our engagement with residents on a range of issues for example through forums on disability and LGBT helping us to improve our service delivery. We also take an inclusive approach to our staff which has helped us to build and maintain a diverse workforce, facilitating a better understanding and ability to meet the needs of our diverse residents. Genesis supports staff networks to work with the organisation in developing an inclusive culture which aims to support all staff to perform at their best and improve services to residents.

This year Genesis has been included in the Times Top 50 Places for Women to Work for the second year running. The organisation was placed at number 33 in Stonewalls Top 100 Employers Equality Index, and was a finalist for two awards at Opportunity Now (Transparency and Inclusive Culture). Genesis was also a finalist in the European Diversity Awards for 2011 for 'Diversity Team of the Year'.

Health and Safety

Genesis is committed to providing a safe environment for staff, customers and visitors. A dedicated Health and Safety department is committed to delivering year on year improvements with regard to health and safety standards. In 2011/12 a revised Health & Safety Policy statement was approved and published and included Key Performance Objectives, all of which were achieved. In April 2012 a new Health & Safety and Environment departmental plan was developed to deliver improvements to the Health & Safety Management system, training provision and assurance programme.

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

2011/12 saw no increase in RIDDOR reports or formal enforcement activity. There were no prosecutions during the year.

Environment

Environmental management has previously been disparate throughout Genesis. From January 2012 it was being brought together under the management of a new Health & Safety and Environment department. A new Environmental Policy Statement was approved in April 2012, which incorporates Key Performance Objectives. The Environment Working Party has been established to ensure that an effective Environmental Management System is developed and implemented and to assist with the development of initiatives that will be introduced to the organisation.

Political and charitable contributions

During the year the group made donations of £4,573 (2011: £3,550) to registered charities and a donation of £1,700,680 (2011: £1,380,416) to Genesis Community Foundation. It made no contributions to political parties or incurred any political expenditure during the year (2011: £nil).

Disclosure of information to auditor

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

Going Concern

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

Auditor

A resolution to re-appoint KPMG LLP as external auditor will be proposed at the Annual General Meeting of Genesis Housing Association Limited to be held on 18 September 2012.

By order of the board

The Chair

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

Independent auditor's report to the members of Genesis Housing Association Limited

We have audited the financial statements of Genesis Housing Association Limited (Genesis) for the year ended 31 March 2012 which comprise the Group and Association Income and Expenditure Accounts, the Group Statement of Total Recognised Surpluses and Deficits, the Group Note of Historical Cost Surpluses and Deficits, the Group and Association Balance Sheets, the Group Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice).

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

Respective responsibilities of the Board and auditor
As more fully explained in the Statement of Board's Responsibilities set out on page 19, the Group's Board is responsible for the preparation of financial statements which give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the APB's website at *http://www.frc.org.uk/apb/scope/private.cfm*

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 2012 and of the Group and Association surplus for the year then ended; and
- have been properly prepared in accordance with the Industrial and Provident Societies Acts 1965 to 2003 and the Industrial and Provident Societies (Group Accounts) Regulations 1969, the Housing and Regeneration Act 2008 and the Accounting Requirements for Registered Social Landlords General Determination 2006.

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

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

Chris Wilson
Senior Statutory Auditor

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants
Arlington Business Park
Theale
Reading
RG7 4SD

Group income and expenditure account Year ended 31 March 2012

	Note	2012 Group excluding joint venture activities £m	2012 Share of joint venture activities £m	2012 Group £m	2011 Group excluding joint venture activities £m	2011 Share of joint venture activities £m	2011 Group £m
Turnover							
Continuing operations	2,3	**258.8**	**0.8**	**259.6**	266.4	2.1	268.5
Discontinued operations		**-**	**-**	**-**	-	6.1	6.1
	2	**258.8**	**0.8**	**259.6**	266.4	8.2	274.6
Cost of sales	2	**(44.5)**	**-**	**(44.5)**	(46.5)	(1.9)	(48.4)
Gross surplus		**214.3**	**0.8**	**215.1**	219.9	6.3	226.2
Impairment	2	**1.8**	**-**	**1.8**	(20.7)	-	(20.7)
Other operating costs	2,3	**(168.1)**	**(0.3)**	**(168.4)**	(180.8)	(2.9)	(183.7)
Total operating costs		**(166.3)**	**(0.3)**	**(166.6)**	(201.5)	(2.9)	(204.4)
Operating surplus							
Continuing operations	2	**48.0**	**0.5**	**48.5**	18.4	0.2	18.6
Discontinued operations		**-**	**-**	**-**	-	3.2	3.2
		48.0	**0.5**	**48.5**	18.4	3.4	21.8
Surplus on sale of properties:							
Continuing operations	7	**21.3**	**-**	**21.3**	22.7	-	22.7
Discontinued operations		**-**	**-**	**-**	-	0.4	0.4
Surplus on sale of interest in joint venture		**-**	**-**	**-**	6.2	-	6.2
Amounts written off on interest in joint venture		**-**	**-**	**-**	(0.6)	-	(0.6)
Net interest payable and similar charges	8d	**(43.4)**	**-**	**(43.4)**	(37.9)	(8.6)	(46.5)
Surplus/(deficit) on ordinary activities before taxation	4	**25.9**	**0.5**	**26.4**	8.8	(4.8)	4.0
Tax on surplus/(deficit) on ordinary activities	9	**-**	**-**	**-**	0.1	-	0.1
Surplus/(deficit) for the financial year		**25.9**	**0.5**	**26.4**	8.9	(4.8)	4.1

Notes on pages 34 to 84 form part of the financial statements.

Association income and expenditure account Year ended 31 March 2012

	Note	2012 £m	2011 £m
Turnover	2,3	**232.2**	264.0
Cost of sales	2,3	**(22.7)**	(27.8)
Gross surplus		**209.5**	236.2
Operating costs	2,3	**(169.1)**	(218.9)
Impairment	2,3	**1.8**	-
Operating surplus		**42.2**	17.3
Surplus on sale of properties	7	**21.3**	22.9
Net interest payable and similar charges	8d	**(42.5)**	(36.9)
Surplus on ordinary activities before taxation	4	**21.0**	3.3
Tax on surplus on ordinary activities	9	**-**	-
Surplus for the financial year		**21.0**	3.3

All amounts relate to continuing activities.

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

Notes on pages 34 to 84 form part of the financial statements.

Balance sheet At 31 March 2012

	Note	2012 Group £m	2011 Group £m	2012 Association £m	2011 Association £m
Fixed assets					
Tangible assets:	10				
Housing properties at cost		**2,692.6**	2,508.6	**2,650.1**	2,507.4
Less: Social housing grants and other grants		**(1,163.1)**	(1,088.7)	**(1,161.6)**	(1,088.6)
Less: Depreciation		**(80.9)**	(68.6)	**(72.3)**	(67.7)
		1,448.6	1,351.3	**1,416.2**	1,351.1
Investments:	11				
Investments in subsidiaries		**-**	-	**0.9**	0.9
Investments in joint ventures:					
Share of gross assets		**2.6**	3.2	**-**	-
Share of gross liabilities		**(0.6)**	(0.7)	**-**	-
Loans to joint ventures		**-**	6.2	**-**	-
Property held as investments		**32.2**	-	**28.8**	-
Listed investments at market value		**1.1**	1.1	**-**	-
Other tangible fixed assets	12	**11.2**	15.6	**11.2**	15.6
		1,495.1	1,376.7	**1,457.1**	1,367.6
Current assets					
Housing properties, stock for sale and work in progress	13	**114.0**	151.3	**92.5**	82.7
Debtors receivable within one year	14	**66.4**	42.5	**371.7**	90.0
Debtors receivable after more than one year	14	**1.6**	1.9	**54.4**	72.9
Investments	15	**31.9**	17.6	**31.9**	17.6
Cash at bank and in hand		**56.8**	52.4	**47.8**	41.0
		270.7	265.7	**598.3**	304.2
Creditors: amounts falling due within one year	16	**(89.6)**	(89.9)	**(369.3)**	(127.2)
Net current assets/(liabilities)		**181.1**	175.8	**229.0**	177.0
Total assets less current liabilities		**1,676.2**	1,552.5	**1,686.1**	1,544.6

Balance sheet Year ended 31 March 2012

	Note	2012 Group £m	2012 Group £m	2011 Association £m	2011 Association £m
Creditors: amounts falling due after more than one year	17	**(1,447.1)**	(1,346.7)	**(1,458.4)**	(1,334.8)
Provisions for liabilities	18	**(3.6)**	(4.3)	**(3.6)**	(4.3)
Net assets excluding pension liabilities		**225.5**	201.5	**224.1**	205.5
Pension liabilities	24	**(9.2)**	(3.1)	**(9.2)**	(3.1)
Net assets including pension liabilities		**216.3**	198.4	**214.9**	202.4
Reserves					
Restricted reserves	20	**1.1**	1.1	**-**	-
Revenue reserves	20	**215.2**	197.3	**214.9**	202.4
		216.3	198.4	**214.9**	202.4

Notes on pages 34 to 84 form part of the financial statements.

These financial statements were approved by the Board of directors on 24 July and were signed on its behalf on 30 August by:

Charles Gurassa
Group Chair

Robert Kerse
Director

Jackie Bligh
Company Secretary

Consolidated cash flow statement At 31 March 2012

	Note	2012 £m	2011 £m
Reconciliation of operating surplus to net cash flow from operating activities			
Operating surplus	2	**48.5**	18.4
Depreciation charges and impairment		**16.5**	25.1
Loss on investments and other fixed assets		**-**	0.3
Decrease/(increase) in stocks		**25.9**	(14.7)
(Increase)/decrease in debtors		**(3.6)**	5.0
Increase/(decrease) in creditors		**6.0**	(12.9)
(Decrease)/increase in provisions		**(0.7)**	0.7
Adjustment for pension funding		**-**	(1.4)
Adjustment for non-cash items		**(2.4)**	(1.1)
Net cash inflow from operating activities		**90.2**	19.4
Cash flow statement			
Cash flow from operating activities		**90.2**	19.4
Returns on investments and servicing of finance	25	**(60.4)**	(53.5)
Capital expenditure and financial investment (net)	25	**(105.2)**	59.5
Cash inflow/(outflow) before management of liquid resources and financing		**(75.4)**	25.4
Management of liquid resources	25	**(14.3)**	25.8
Financing	25	**99.9**	(32.6)
Increase/(decrease) in cash in the period		**10.2**	18.6
Reconciliation of net cash flow to movement in net debt			
Increase in cash in the period	26	**10.2**	18.6
Cash used to increase liquid resources		**14.3**	(25.8)
Net change in borrowing		**(99.9)**	32.6
Non-cash changes		**-**	0.7
Movement in net debt in the period		**(75.4)**	26.1
Net debt at the start of the period		**(1,277.9)**	(1,304.0)
Net debt at the end of the period		**(1,353.3)**	(1,277.9)

Statement of total recognised surpluses and deficits

Year ended 31 March 2012

	2012 Group £m	2012 Group £m	**2011 Association £m**	2011 Association £m
Surplus for the financial year	**26.4**	4.1	**21.0**	3.3
Unrealised increase on revaluation of joint ventures investment properties	**-**	3.4	**-**	-
Actuarial (loss)/gain recognised in the pension schemes	**(8.5)**	5.4	**(8.5)**	5.4
Total recognised surpluses and deficits relating to the financial year	**17.9**	12.9	**12.5**	8.7

Note of historical cost surpluses and deficits

Year ended 31 March 2012

	2012 £m	2011 £m
Group		
Reported surplus on ordinary activities before taxation	**26.4**	4.0
Realisation of property revaluation gains of previous years	**-**	10.1
Historical cost surplus on ordinary activities before taxation	**26.4**	14.1
Historical cost surplus for the year retained after taxation	**26.4**	14.2

Notes

1 | Accounting policies

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

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

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

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

Negative goodwill
Negative goodwill arises where the value of the separable net assets of a legal entity acquired exceeds the cost of acquisition. This amount was previously included within reserves and released to the Income and Expenditure Account in the periods in which the fair values of the non-monetary assets purchased on the same acquisition are recovered. The amount is now taken to the Income and Expenditure Account in the period in which it arises in accordance with SORP 2010. The effects of this change of accounting policy are explained in note 19.

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

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

Listed investments are stated at their market value.

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

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

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

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

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

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

Notes

1 | Accounting policies (continued)

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

Housing properties held for letting:

Structure	–	150 years
Major components	–	15 to 60 years

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

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

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

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

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

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

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

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

	% per annum
Freehold office premises	1⅔
Office improvements	15
Motor vehicles	25
Office furniture and computer equipment	25
Key workers' furniture	25
Tenants' furniture	33⅓

No depreciation is provided on freehold land.

Notes

1 | Accounting policies (continued)

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes

1 | Accounting policies (continued)

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

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

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

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

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

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

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

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

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

Notes

2 | Turnover, operating costs and operating surplus – Group

	Turnover	Cost of sales	Impairment	Other operating costs	2012 Operating surplus/ (deficit)	Turnover	Cost of sales	Impairment	Other operating costs	2011 Operating surplus/ (deficit)
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Social housing lettings										
General needs	**95.3**	**-**	**-**	**(63.3)**	**32.0**	97.1	-	-	(71.3)	25.8
Temporary housing	**59.8**	**-**	**-**	**(56.8)**	**3.0**	63.9	-	-	(61.6)	2.3
Supported housing	**32.5**	**-**	**-**	**(32.7)**	**(0.2)**	27.3	-	-	(26.2)	1.1
Low cost home ownership	**12.8**	**-**	**-**	**(7.8)**	**5.0**	10.7	-	-	(5.2)	5.5
Keyworker accommodation	**8.0**	**-**	**-**	**(6.5)**	**1.5**	7.2	-	-	(4.9)	2.3
	208.4	**-**	**-**	**(167.1)**	**41.3**	206.2	-	-	(169.2)	37.0
Other social housing activities										
First tranche sales	**20.5**	**(17.9)**	**-**	**-**	**2.6**	32.8	(27.8)	-	-	5.0
Development administration	**-**	**-**	**-**	**(0.6)**	**(0.6)**	-	-	-	(1.0)	(1.0)
Non social lettings	**-**	**-**	**-**	**-**	**-**	4.2	-	-	(7.1)	(2.9)
Outright sales	**25.2**	**(26.6)**	**-**	**-**	**(1.4)**	12.7	(12.5)	-	-	0.2
Other activities	**4.7**	**-**	**1.8**	**(0.4)**	**6.1**	10.5	(6.2)	(20.7)	(3.5)	(19.9)
	258.8	**(44.5)**	**1.8**	**(168.1)**	**48.0**	266.4	(46.5)	(20.7)	(180.8)	18.4

Notes

2 | Turnover, operating costs and operating surplus – Association

	Turnover	Cost of sales	Impairment	Other operating costs	2012 Operating surplus/ (deficit)	Turnover	Cost of sales	Impairment	Other operating costs	2011 Operating surplus/ (deficit)
	£m	£m	£m	£m	£m	£m	£m	£m	£m	£m
Social housing lettings										
General needs	**95.3**	**-**	**-**	**(66.0)**	**29.3**	97.1	-	-	(72.2)	24.9
Temporary housing	**59.8**	**-**	**-**	**(56.8)**	**3.0**	63.9	-	-	(61.6)	2.3
Supported housing	**31.1**	**-**	**-**	**(31.2)**	**(0.1)**	27.3	-	-	(26.4)	0.9
Low cost home ownership	**12.8**	**-**	**-**	**(7.8)**	**5.0**	10.7	-	-	(5.2)	5.5
Keyworker accommodation	**8.0**	**-**	**-**	**(6.5)**	**1.5**	7.1	-	-	(5.0)	2.1
	207.0	**-**	**-**	**(168.3)**	**38.7**	206.1	-	-	(170.4)	35.7
Other social housing activities										
First tranche sales	**20.5**	**(18.4)**	**-**	**-**	**2.1**	32.8	(27.8)	-	-	5.0
Development administration	**-**	**-**	**-**	**(0.6)**	**(0.6)**	-	-	-	(1.0)	(1.0)
Non social lettings	**-**	**-**	**-**	**-**	**-**	4.2	-	-	(7.1)	(2.9)
Outright sales	**4.3**	**(4.3)**	**-**	**-**	**-**	-	-	-	-	-
Other activities	**0.4**	**-**	**1.8**	**(0.2)**	**2.0**	20.9	-	-	(40.4)	(19.5)
	232.2	**(22.7)**	**1.8**	**(169.1)**	**42.2**	264.0	(27.8)	-	(218.9)	17.3

Notes

3 | Income and expenditure from social housing lettings – Group

	General needs	Temporary housing	Supported housing	Low cost home ownership	Key worker accommodation (NHS)	2012 Total	2011 Total
	£m	£m	£m	£m	£m	£m	£m
Turnover from social housing							
Rents receivable net of identifiable service charges	86.1	60.9	14.1	10.2	7.8	179.1	172.7
Service charges	7.3	-	10.5	2.5	-	20.3	18.2
Gross rental income	93.4	60.9	24.6	12.7	7.8	199.4	190.9
Void losses	(1.1)	(2.1)	(1.0)	(0.2)	(0.2)	(4.6)	(3.8)
Net rental income	92.3	58.8	23.6	12.5	7.6	194.8	187.1
Management fee receivable	2.6	0.9	0.5	-	0.2	4.2	7.2
Supporting people grant	0.1	-	7.2	-	-	7.3	7.1
Grants from local authorities and other agencies	-	-	0.8	-	-	0.8	0.7
Other income	0.3	0.1	0.4	0.3	0.2	1.3	4.1
Total turnover	95.3	59.8	32.5	12.8	8.0	208.4	206.2
Operating costs on social housing lettings							
Housing management	(28.2)	(8.4)	(9.7)	(4.5)	(4.1)	(54.9)	(59.3)
Care and support	-	-	(5.5)	-	-	(5.5)	(4.8)
Service charges	(7.9)	-	(10.4)	(2.9)	-	(21.2)	(18.6)
Routine maintenance	(11.8)	(2.7)	(3.6)	-	(0.9)	(19.0)	(17.5)
Planned maintenance	(5.3)	-	(1.6)	-	(0.2)	(7.1)	(4.0)
Major repairs expenditure	(0.8)	-	(0.6)	-	(0.1)	(1.5)	(7.9)
Rent losses from bad debts	(1.0)	0.3	-	(0.1)	-	(0.8)	(1.1)
Landlords rents	(0.3)	(46.0)	(0.2)	(0.3)	(0.2)	(47.0)	(50.3)
Property depreciation	(8.0)	-	(1.1)	-	(1.0)	(10.1)	(5.7)
Total operating costs	(63.3)	(56.8)	(32.7)	(7.8)	(6.5)	(167.1)	(169.2)
Operating surplus	32.0	3.0	(0.2)	5.0	1.5	41.3	37.0

Notes

3 | Income and expenditure from social housing lettings – Association

	General needs	Temporary housing	Supported housing	Low cost home ownership	Key worker accommodation (NHS)	2012 Total	2011 Total
	£m	£m	£m	£m	£m	£m	£m
Turnover from social housing							
Rents receivable net of identifiable service charges	86.1	60.9	12.7	10.2	7.8	177.7	172.8
Service charges	7.3	-	10.5	2.5	-	20.3	18.2
Gross rental income	93.4	60.9	23.2	12.7	7.8	198.0	191.0
Void losses	(1.1)	(2.1)	(1.0)	(0.2)	(0.2)	(4.6)	(3.9)
Net rental income	92.3	58.8	22.2	12.5	7.6	193.4	187.1
Management fee receivable	2.6	0.9	0.5	-	0.2	4.2	7.2
Supporting people grant	0.1	-	7.2	-	-	7.3	7.0
Grants from local authorities and other agencies	-	-	0.8	-	-	0.8	0.7
Other income	0.3	0.1	0.4	0.3	0.2	1.3	4.1
Total turnover	95.3	59.8	31.1	12.8	8.0	207.0	206.1
Operating costs on social housing lettings							
Housing management	(30.9)	(8.4)	(9.7)	(4.5)	(4.1)	(57.6)	(60.6)
Care and support	-	-	(4.0)	-	-	(4.0)	(4.7)
Service charges	(7.9)	-	(10.4)	(2.9)	-	(21.2)	(18.6)
Routine maintenance	(11.8)	(2.7)	(3.6)	-	(0.9)	(19.0)	(17.5)
Planned maintenance	(5.3)	-	(1.6)	-	(0.2)	(7.1)	(4.0)
Major repairs expenditure	(0.8)	-	(0.6)	-	(0.1)	(1.5)	(7.9)
Rent losses from bad debts	(1.0)	0.3	-	(0.1)	-	(0.8)	(1.1)
Landlords rents	(0.3)	(46.0)	(0.2)	(0.3)	(0.2)	(47.0)	(50.3)
Property depreciation	(8.0)	-	(1.1)	-	(1.0)	(10.1)	(5.7)
Total operating costs	(66.0)	(56.8)	(31.2)	(7.8)	(6.5)	(168.3)	(170.4)
Operating surplus	29.3	3.0	(0.1)	5.0	1.5	38.7	35.7

Notes

4 | Notes to the income and expenditure account

	2012 Group £m	2011 Group £m	**2012 Association £m**	2011 Association £m
Surplus/(deficit) on ordinary activities before taxation is stated after charging/(crediting):				
Depreciation and other amounts written off tangible fixed assets:				
Owned	**13.0**	9.1	**13.0**	9.1
Net impairment charge/(release)	**(1.8)**	16.0	**(1.8)**	15.6
Stock write down – housing properties, stock for resale and work in progress	**-**	4.7	**-**	0.4
Operating leases:				
Land and buildings – temporary housing	**46.0**	50.0	**46.0**	50.0
Land and buildings – offices	**1.1**	1.3	**1.1**	1.3
Hire of other assets	**0.3**	1.2	**-**	0.6

	2012 Group £m	2011 Group £m	**2012 Association £m**	2011 Association £m
Auditor's remuneration:				
Amounts receivable by the auditor and their associates in respect of:				
Audit of these financial statements, of consolidated financial statements and financial statements of subsidiaries pursuant to legislation	**200**	384	**144**	157
Additional fees in respect of prior year audit	**23**	24	**23**	24
Other services relating to taxation	**43**	28	**43**	28
Services relating to corporate finance advice	**-**	29	**-**	29
Other services	**51**	38	**26**	38

Notes

5 | Employee information

The average number of full time equivalent employees were:	2012 Group No.	2011 Group No.	2012 Association No.	2011 Association No.
Administration	**167**	177	**164**	173
Development	**69**	69	**59**	59
Housing management	**494**	647	**381**	530
Care and support	**627**	619	**543**	535
Community development and fundraising	**37**	42	**-**	-
	1,394	1,554	**1,147**	1,297

Staff costs for the above persons:	**£m**	£m	**£m**	£m
Wages and salaries	**37.6**	41.0	**31.7**	34.9
Social security costs	**3.6**	3.7	**3.0**	3.2
Employees insurance costs	**-**	0.1	**-**	0.1
Other pension costs*	**0.2**	1.7	**-**	1.6
	41.4	46.5	**34.7**	39.8

*Included in the Association costs capitalised into working capital during the year ended 31 March 2012 was £2m of pension contributions (2011: £485k) (Note 24).

Salary banding and range:

(a) Salary banding for employees earning over £60,000

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

Salary bands £'000	2012 Group No.	2011 Group No.
60 - 70	**17**	16
70 - 80	**8**	7
80 - 90	**3**	3
90 - 100	**5**	5
100 - 110	**2**	2
110 - 120	**1**	1
120 - 130	**2**	2
130 - 140	**1**	1
190 - 200	**1**	1
	40	38

b) Salary range	£
Lowest paid employee	11,065
Highest paid employee	200,000
Average salary per employee	24,794

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

Notes

6 | Directors' emoluments

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

	2012 £'000	2011 £'000
Non Executive Board Members	**75.8**	61.0
Executives' emoluments (including pension contributions)	**1,005.2**	696.0
Compensation for loss of office (including pension contributions)	**-**	176.0
	1,081.0	933.0

	2012 No.	2011 No.
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	**2**	1
Defined benefit schemes	**2**	1

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

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

Notes

7 | Surplus on sale of properties

	No. of units	2012 Sales value £m	2012 Cost of sales £m	2012 Surplus/ (deficit) £m	2011 Surplus/ (deficit) £m
Group					
Sales of previously rented properties	129	28.9	(8.3)	20.6	22.6
Sales to regeneration agencies / other RPs	108	20.7	(20.0)	0.7	0.8
Staircasing of shared ownership properties	52	4.5	(4.2)	0.3	0.6
Right to buy and right to acquire	4	0.8	(0.8)	-	-
Other	2	0.2	(0.5)	(0.3)	(1.3)
Surplus on sale		55.1	(33.8)	21.3	22.7

	No. of units	2012 Sales value £m	2012 Cost of sales £m	2012 Surplus/ (deficit) £m	2011 Surplus/ (deficit) £m
Association					
Sales of previously rented properties	129	28.9	(8.3)	20.6	22.5
Sales to other group entities		-	-	-	0.3
Sales to regeneration agencies / other RPs	108	20.7	(20.0)	0.7	0.8
Staircasing of shared ownership properties	52	4.5	(4.2)	0.3	0.6
Right to buy and right to acquire	4	0.8	(0.8)	-	-
Other	2	0.2	(0.5)	(0.3)	(1.3)
Surplus on sale		55.1	(33.8)	21.3	22.9

Notes

8 | Net interest payable and similar charges

a) Other interest receivable and similar income

	2012 Group £m	2011 Group £m	**2012 Association £m**	2011 Association £m
Bank interest	**0.6**	0.7	**0.6**	0.5
Receivable from group undertakings	**-**	-	**3.6**	5.7
Other	**0.4**	1.3	**-**	0.3
	1.0	2.0	**4.2**	6.5

b) Other finance costs

	2012 Group £m	2011 Group £m	**2012 Association £m**	2011 Association £m
Expected return on pension scheme assets	**1.4**	2.3	**1.4**	2.3
Interest on pension scheme liabilities	**(2.4)**	(2.6)	**(2.4)**	(2.6)
	(1.0)	(0.3)	**(1.0)**	(0.3)

Notes

8 | Net interest payable and similar charges (continued)

c) Interest payable and similar charges

	2012 Group £m	2011 Group £m	**2012 Association £m**	2011 Association £m
On bank loans and overdrafts	**(60.5)**	(56.0)	**(13.2)**	(14.3)
Payable to group undertakings	**-**	-	**(46.9)**	(41.3)
Less capitalised interest*	**17.0**	16.0	**13.9**	12.0
Loan amortisation on consolidation	**-**	0.9	**-**	-
Amortisation of loan premium	**-**	0.2	**-**	1.1
Amortisation of loan arrangement costs	**0.1**	(0.4)	**0.5**	(0.3)
Other interest	**-**	(0.3)	**-**	(0.3)
	(43.4)	(39.6)	**(45.7)**	(43.1)
Share of joint ventures: on bank loans, overdrafts and other loans	**-**	(8.6)	**-**	-

*Interest has been capitalised into tangible fixed assets at a rate of 4.80% (2011: 5.00%).

d) Net interest payable and similar charges

	2012 Group £m	2011 Group £m	**2012 Association £m**	2011 Association £m
Other interest receivable and similar income	**1.0**	2.0	**4.2**	6.5
Other finance costs	**(1.0)**	(0.3)	**(1.0)**	(0.3)
Interest payable and similar charges	**(43.4)**	(39.6)	**(45.7)**	(43.1)
Net interest payable and similar charges	**(43.4)**	(37.9)	**(42.5)**	(36.9)

Notes

9 | Taxation

Analysis of charge in period	**2012 Group £m**	2011 Group £m	**2012 Association £m**	2011 Association £m
UK corporation tax:				
Current tax on income for the period	**-**	-	**-**	-
Total current tax	**-**	-	**-**	-
Deferred tax (note 14)				
Origination of timing differences	**-**	0.1	**-**	-
Total deferred tax	**-**	0.1	**-**	-
Tax on surplus on ordinary activities	**-**	0.1	**-**	-

Factors affecting the tax charge for the current period

Current tax reconciliation	**2012 Group £m**	2011 Group £m	**2012 Association £m**	2011 Association £m
Surplus/(deficit) on ordinary activities before taxation	**26.4**	4.0	**21.0**	3.3
Current tax at 26% (2011: 28%)	**6.9**	1.3	**5.5**	1.1
Expenses not deductible for tax purposes	**0.1**	-	**-**	-
Surplus recovered by charitable exemption	**(4.8)**	(6.4)	**(4.9)**	(3.9)
Income not subject to corporation tax	**(2.0)**	(0.3)	**-**	3.2
Depreciation in excess of capital allowances	**-**	0.3	**-**	0.3
Utilisation of tax losses	**(0.3)**	(0.1)	**-**	(0.3)
Unutilised losses carried forward	**0.7**	5.6	**-**	-
Adjustment – pension contributions	**(0.6)**	(0.4)	**(0.6)**	(0.4)
	-	-	**-**	-

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

Notes

10 | Tangible fixed assets – Group

	Housing properties held for letting	Housing properties under construction	Low cost home ownership properties	Low cost home ownership properties under construction	Total
	£m	£m	£m	£m	£m
Cost					
At beginning of year	1,807.9	306.4	371.4	22.9	**2,508.6**
Additions – work done	38.5	111.2	9.0	30.5	**189.2**
Disposals	(30.1)	-	(5.6)	-	**(35.7)**
Transfer between asset classes	14.1	(1.0)	4.1	13.3	**30.5**
Properties completed	69.4	(69.4)	34.6	(34.6)	**-**
At end of year	**1,899.8**	**347.2**	**413.5**	**32.1**	**2,692.6**
Capital grant					
At beginning of year	877.5	86.0	116.6	8.6	**1,088.7**
Received during year	37.7	46.4	-	8.2	**92.3**
Disposals	(15.8)	-	(2.1)	-	**(17.9)**
Transfer between asset classes	8.6	(1.7)	(8.6)	1.7	**-**
Transfer on completion	35.0	(35.0)	8.8	(8.8)	**-**
At end of year	**943.0**	**95.7**	**114.7**	**9.7**	**1,163.1**
Depreciation and impairment					
At beginning of year	38.6	28.9	-	1.1	**68.6**
Depreciation charge	10.1	-	-	-	**10.1**
Transfer between asset classes	-	4.7	-	-	**4.7**
Net impairment charge/(release)	-	(0.1)	-	(1.1)	**(1.2)**
On disposals	(1.3)	-	-	-	**(1.3)**
At end of year	**47.4**	**33.5**	**-**	**-**	**80.9**
Net book value at 31 March 2012	**909.4**	**218.0**	**298.8**	**22.4**	**1,448.6**
At 31 March 2011	891.8	191.5	254.8	13.2	1,351.3

Notes

10 | Tangible fixed assets – Association

	Housing properties held for letting	Housing properties under construction	Low cost home ownership properties	Low cost home ownership properties under construction	Total
	£m	£m	£m	£m	£m
Cost					
At beginning of year	1,806.2	307.0	367.0	27.2	**2,507.4**
Additions – work done	38.5	110.4	9.0	29.3	**187.2**
Disposals	(30.1)	-	(5.6)	-	**(35.7)**
Transfer between group entities	-	5.5	-	1.2	**6.7**
Transfer between asset classes	14.1	(43.0)	4.1	9.3	**(15.5)**
Properties completed	69.4	(69.4)	34.6	(34.6)	**-**
At end of year	**1,898.1**	**310.5**	**409.1**	**32.4**	**2,650.1**
Capital grant					
At beginning of year	877.4	86.0	116.6	8.6	**1,088.6**
Received during year	36.3	46.4	-	8.2	**90.9**
Disposals	(15.8)	-	(1.9)	-	**(17.7)**
Transfer between group entities	-	-	(0.2)	-	**(0.2)**
Transfer between asset classes	8.6	(1.7)	(8.6)	1.7	**-**
Transfer on completion	35.0	(35.0)	8.8	(8.8)	**-**
At end of year	**941.5**	**95.7**	**114.7**	**9.7**	**1,161.6**
Depreciation and impairment					
At beginning of year	39.7	27.0	-	1.0	**67.7**
Depreciation charge	10.1	-	-	-	**10.1**
Transfer between asset classes	-	(3.0)	-	-	**(3.0)**
Net impairment charge/(release)	-	(0.2)	-	(1.0)	**(1.2)**
On disposals	(1.3)	-	-	-	**(1.3)**
At end of year	**48.5**	**23.8**	**-**	**-**	**72.3**
Net book value at 31 March 2012	**908.1**	**191.0**	**294.4**	**22.7**	**1,416.2**
At 31 March 2011	889.1	194.0	250.4	17.6	1,351.1

Notes

10 | Tangible fixed assets (continued)

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

Housing properties have been subject to an impairment review. Value in use is based upon net present values, using a discount rate of 4.5% (2011: 5%) and an appraisal period of 60 years plus a terminal value. Properties are written down to the recoverable amount where there is evidence of impairment.

The net book value of land and buildings comprises:

	2012 Group £m	2011 Group £m	**2012 Association £m**	2011 Association £m
Freehold	**1,394.6**	1,281.4	**1,362.2**	1,281.2
Leasehold	**54.0**	54.0	**54.0**	54.0
	1,448.6	1,335.4	**1,416.2**	1,335.2

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

	2012 Group £m	2011 Group £m	**2012 Association £m**	2011 Association £m
Spend on major repairs on existing properties	**14.9**	16.0	**14.9**	16.0
Capitalised	**(13.3)**	(8.1)	**(13.3)**	(8.1)
	1.6	7.9	**1.6**	7.9

	2012 Group £m	2011 Group £m	**2012 Association £m**	2011 Association £m
Total amount of SHG receivable	**1,099.7**	1,046.0	**1,098.2**	1,025.2

Notes

11 | Fixed asset investments

a) Subsidiary undertakings

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

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

* held indirectly

Notes

11 | Fixed asset investments (continued)

b) Associated undertakings

Participating interests	Country of incorporation	Principal activity	Class and percentage of shares held
Logic Homes Limited	United Kingdom	Joint venture with house builders and architects	Ordinary – 12.5%
Low C Living Limited*	United Kingdom	Dormant	Ordinary – 33.3%
Takeparts Limited*	United Kingdom	Procurement	Ordinary – 20%

* held indirectly

c) Joint ventures

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

* held indirectly

Notes

11 | Fixed asset investments (continued)

The Group's share of assets and liabilities of these joint ventures is as follows:

	2012 £m	2011 £m
Share of assets		
Share of current assets	**2.6**	3.2
Share of liabilities		
Liabilities due within one year or less	**(0.6)**	(0.7)
Share of net assets/(liabilities)	**2.0**	2.5

On 10 May 2011, the Group disposed of its interest in Bishopsgate Apartments LLP. The results to 31 March 2011 are disclosed as discontinued activities in the Income and Expenditure Account and provision for loss on disposal was made in 2011.

Notes

11 | Fixed asset investments (continued)

Cost and valuation

	2012 Group £m	2012 Association £m
Commercial properties		
At beginning of year	**-**	-
Transfer between asset classes	**32.2**	28.8
	32.2	28.8

Loans to joint ventures

	2012 Group £m	2012 Association £m
At beginning of year	**6.2**	-
Repayments	**(6.2)**	-
At end of year	**-**	-

The liabilities of the joint ventures (including bank loans) are without recourse to Genesis Housing Association Limited or its subsidiaries.

Listed investments at market value

	2012 £m
Group	
At beginning of year	**1.1**
Net gains	**-**
At end of year	**1.1**

Notes

12 | Other fixed assets – Group

	Commercial properties	Freehold office premises	Office improvements	Motor vehicles	Furniture and computer equipment	Total
	£m	£m	£m	£m	£m	£m
Cost						
At beginning of year	3.3	8.9	3.5	0.5	11.9	**28.1**
Additions	-	-	0.5	-	1.7	**2.2**
Disposals	-	-	-	(0.3)	(2.6)	**(2.9)**
Reclassification as investment properties	(3.3)	-	-	-	-	**(3.3)**
At end of year	**-**	**8.9**	**4.0**	**0.2**	**11.0**	**24.1**
Capital grant						
At beginning and end of year	-	1.3	-	-	-	**1.3**
Depreciation						
At beginning of year	0.1	1.8	2.2	0.5	6.6	**11.2**
Charge for year	-	0.1	0.4	-	2.4	**2.9**
Disposals	-	-	-	(0.3)	(2.1)	**(2.4)**
Reclassification as investment properties	(0.1)	-	-	-	-	**(0.1)**
At end of year	**-**	**1.9**	**2.6**	**0.2**	**6.9**	**11.6**
Net book value						
At 31 March 2012	**-**	**5.7**	**1.4**	**-**	**4.1**	**11.2**
At 31 March 2011	3.2	5.8	1.3	-	5.3	15.6

Notes

12 | Other fixed assets – Association

	Commercial properties	Freehold office premises	Office improvements	Motor vehicles	Furniture and computer equipment	Total
	£m	£m	£m	£m	£m	£m
Cost						
At beginning of year	3.3	8.9	3.4	0.1	11.7	**27.4**
Additions	-	-	0.5	-	1.7	**2.2**
Disposals	-	-	-	(0.1)	(2.6)	**(2.7)**
Reclassification as investment properties	(3.3)	-	-	-	-	**(3.3)**
At end of year	**-**	**8.9**	**3.9**	**-**	**10.8**	**23.6**
Capital grant						
At beginning and end of year	-	1.3	-	-	-	**1.3**
Depreciation						
At beginning of year	0.1	1.8	2.1	0.1	6.4	**10.5**
Charge for year	-	0.1	0.4	-	2.4	**2.9**
Disposals	-	-	-	(0.1)	(2.1)	**(2.2)**
Reclassification as investment properties	(0.1)	-	-	-	-	**(0.1)**
At end of year	**-**	**1.9**	**2.5**	**-**	**6.7**	**11.1**
Net book value						
At 31 March 2012	**-**	**5.7**	**1.4**	**-**	**4.1**	**11.2**
At 31 March 2011	3.2	5.8	1.3	-	5.3	15.6

Notes

13 | Housing properties, stock for resale and work in progress – Group

	2012 Unit nos	2011 Unit nos	2012 £m	2011 £m
Cost				
Low cost home ownership properties – for sale	**99**	153	**5.9**	10.1
Low cost home ownership properties – under construction			**16.2**	12.1
Outright sale properties – for sale	**67**	69	**8.0**	19.4
Outright sale properties – under construction			**71.4**	76.2
Commercial properties – for sale	**19**	25	**10.8**	14.6
Commercial properties – under construction			**0.7**	12.3
Land for sale			**3.9**	3.8
Other			**0.4**	11.4
			117.3	159.9
Stock write down				
At beginning of year			**8.6**	4.3
Transfers during year			**(4.7)**	4.7
Release for year			**(0.6)**	(0.4)
At end of year			**3.3**	8.6
Net book value			**114.0**	151.3

Notes

13 | Housing properties, stock for resale and work in progress – Association

	2012 Unit nos	2011 Unit nos	2012 £m	2011 £m
Cost				
Low cost home ownership properties – for sale	**99**	153	**5.9**	10.1
Low cost home ownership properties – under construction			**13.9**	12.1
Outright sale properties – for sale	**10**		**2.4**	-
Outright sale properties – under construction			**58.0**	30.3
Commercial properties – for sale	**19**	25	**10.8**	14.6
Commercial properties – under construction			**0.6**	12.3
Land for sale			**3.8**	3.8
Other			**0.4**	0.4
			95.8	83.6
Stock write down				
At beginning of year			**0.9**	0.9
Transfers during year			**3.0**	-
Release for year			**(0.6)**	-
At end of year			**3.3**	0.9
Net book value			**92.5**	82.7

Notes

14 | Debtors

	2012 Group £m	2011 Group £m	2012 Association £m	2011 Association £m
Amounts receivable within one year:				
Rent and service charge arrears	**26.6**	33.4	**26.4**	33.4
Provision for bad and doubtful debts	**(10.5)**	(11.8)	**(10.5)**	(11.8)
	16.1	21.6	**15.9**	21.6
Amounts owed by group undertakings	**-**	-	**326.0**	49.4
Trade debtors	**4.9**	4.1	**3.7**	3.3
Other debtors	**43.4**	4.2	**24.5**	3.7
Deferred tax assets	**0.1**	0.1	**-**	-
Prepayments and accrued income	**1.9**	12.5	**1.6**	12.0
	66.4	42.5	**371.7**	90.0

	2012 Group £m	2011 Group £m	2012 Association £m	2011 Association £m
Amounts receivable after more than one year:				
Amounts owed by group undertakings	**-**	-	**52.8**	71.0
Other debtors	**1.6**	1.9	**1.6**	1.9
	1.6	1.9	**54.4**	72.9

Deferred tax assets	2012 Group £m	2011 Group £m
In respect of tax losses		
At beginning of year	**0.1**	-
Credit/(debit) to the income and expenditure account for the year	**-**	0.1
At end of year	**0.1**	0.1

Notes

15 | Investments (held as current assets)

	2012 Group £m	2011 Group £m	2012 Association £m	2011 Association £m
Other investments	**31.9**	17.6	**31.9**	17.6

Included in the above are cash at bank and investments charged to lenders of £29.7m (2011: £15.5m) and cash at bank held for leaseholders of £2.1m (2011: £2.1m). It is anticipated that the cash at bank and investments charged to lenders will be released from charge within one year.

16 | Creditors: amounts falling due within one year

	2012 Group £m	2011 Group £m	2012 Association £m	2011 Association £m
Housing loans	**12.0**	13.2	**2.2**	3.2
Bank overdrafts	**0.1**	5.9	**-**	5.9
Trade creditors	**2.3**	7.9	**1.8**	7.0
Amounts owed to group undertakings	**-**	-	**302.7**	63.6
Taxation and social security	**17.2**	1.8	**17.2**	1.8
Other creditors	**12.2**	16.5	**10.5**	12.1
Recycled capital grant fund (note 17c)	**8.0**	2.9	**8.0**	2.9
Disposal proceeds fund (note 17c)	**1.7**	1.4	**1.7**	1.4
Accruals and deferred income	**36.1**	40.3	**25.2**	29.3
	89.6	89.9	**369.3**	127.2

Notes

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

	2012 Group £m	2011 Group £m	**2012 Association £m**	2011 Association £m
Housing loans	**1,229.9**	1,128.8	**194.1**	194.7
Bonds	**200.0**	200.0	**-**	-
Total housing loans (see below)	**1,429.9**	1,328.8	**194.1**	194.7
Amounts owed to group undertakings	**-**	-	**1,247.1**	1,124.2
Other creditors	**-**	0.2	**-**	0.1
Accruals and deferred income	**-**	1.9	**-**	-
Recycled capital grant fund	**9.8**	9.8	**9.8**	9.8
Disposal proceeds fund	**1.8**	1.6	**1.8**	1.6
Cyclical and major repairs fund	**5.0**	3.8	**5.0**	3.8
Shared ownership sinking fund	**0.6**	0.6	**0.6**	0.6
	1,447.1	1,346.7	**1,458.4**	1,334.8

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

The maturity of the housing loans is as follows:

Group

a) Housing loans

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

	Nominal value £m	Deferred interest £m	Fair value adjustment £m	Less capitalised loan costs £m	2012 Total £m	2011 Total £m
Repayable by installments						
Within one year	**1.6**	**-**	**1.0**	**(0.6)**	**2.0**	2.3
In the second to fifth years	**35.5**	**-**	**4.1**	**(2.3)**	**37.3**	12.2
Over five years	**1,045.2**	**1.5**	**10.8**	**(8.3)**	**1,049.2**	920.9
	1,082.3	**1.5**	**15.9**	**(11.2)**	**1,088.5**	935.4
Not repayable by installments						
Within one year	**10.0**	**-**	**-**	**-**	**10.0**	10.9
In the second to fifth years	**41.5**	**-**	**-**	**-**	**41.5**	53.0
Over five years	**101.9**	**-**	**-**	**-**	**101.9**	142.7
	153.4	**-**	**-**	**-**	**153.4**	206.6

b) Bonds

	2012 Group £m	2011 Group £m	2012 Association £m	2011 Association £m
Not repayable by installments				
	200.0	200.0	**-**	-

At 31 March 2012, the fair value of the bonds was £222.6m (2011: £209.7m).

Notes

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

Financial risk management

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

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

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

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

Notes

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

c) Recycled capital grant fund and disposal proceeds fund

	2012 Group £m	2011 Group £m	2012 Association £m	2011 Association £m
Recycled capital grant fund				
Due within one year	**8.0**	2.9	**8.0**	2.9
Due after more than one year	**9.8**	9.8	**9.8**	9.8
	17.8	12.7	**17.8**	12.7
Disposals proceeds fund				
Due within one year	**1.7**	1.4	**1.7**	1.4
Due after more than one year	**1.8**	1.6	**1.8**	1.6
	3.5	3.0	**3.5**	3.0

Recycled capital grant fund	Group £m	Association £m
Reconciliation of movement during year:		
At beginning of year	**12.7**	**12.7**
Grant recycled into new schemes	**10.5**	**10.5**
Utilised during the year	**(5.4)**	**(5.4)**
At end of year	**17.8**	**17.8**
Disposal proceeds fund		
Reconciliation of movement during year:		
At beginning of year	**3.0**	**3.0**
Grant recycled into new schemes	**0.5**	**0.5**
At end of year	**3.5**	**3.5**

Notes

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

d) Derivative transactions

The Group has entered into financial derivative contracts as follows:

	2012 Total Notional principal £m	2012 Total Fair value £m	2011 Total Notional principal £m	2011 Total Fair value £m
RPI swaps	-	-	150.0	(36.9)
Interest rate swaps without options	185.5	(89.4)	35.5	(1.4)
Interest rate swaps with options	-	-	70.0	(11.4)
Total	**185.5**	**(89.4)**	255.5	(49.7)

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

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

Hedging position

At 31 March 2012 the Group's borrowings were hedged as follows:	2012 Principal £m		2012 Principal £m	
Interest rates fixed for more than 12 months	732.3	51%	609.9	45%
Interest rates linked to RPI	80.9	6%	156.9	12%
Fixed interest rates with lender's option to cancel	-	0%	250.0	19%
Capped interest rates	75.0	5%	-	0%
	888.2		1,016.8	
Floating rate (interest rates fixed for less than 12 months)	539.0	38%	316.7	24%
	1,427.2	100%	1,333.5	100%

Notes

18 | Provisions for liabilities

	2012 Group £m	2012 Association £m
At beginning of year	**4.3**	**4.3**
Utilised during year	**(0.7)**	**(0.7)**
At end of year	**3.6**	**3.6**

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

Notes

19 | Prior year adjustment – negative goodwill

	2012 Group £m	2012 Association £m
Cost		
At beginning of year	**55.3**	55.3
Prior year adjustment	**(55.3)**	(55.3)
At beginning and end of year (as restated)	**-**	-
Amortisation		
At beginning of year	**6.7**	6.7
Prior year adjustment	**(6.7)**	(6.7)
At beginning and end of year (as restated)	**-**	-
Net book value		
At 31 March 2012	**-**	-
At 31 March 2011 (as restated)	**-**	-

Negative goodwill arose on the acquisition of Springboard Housing Association Limited in April 2005 and St. Matthew Housing Limited (merged with Springboard Housing Association Limited on 1 April 2010) in April 2008.

This amount was previously included within reserves and released to the Income and Expenditure Account in the periods in which the fair values of the non-monetary assets purchased on the same acquisition are recovered. The amount is now taken to the Income and Expenditure Account in the period in which it arises in accordance with SORP 2010. The effects of this change of accounting policy are set out above.

Notes

20 | Reserves

	Restricted reserve £m	Revenue reserve £m
Group		
At beginning of year	**1.1**	**148.7**
Prior year adjustment	**-**	**48.6**
At beginning of year as restated	**1.1**	**197.3**
Surplus for the year	**-**	**26.4**
Actuarial loss recognised in the pension schemes	**-**	**(8.5)**
At end of year	**1.1**	**215.2**
Association		
At beginning of year	**-**	**153.8**
Prior year adjustment	**-**	**48.6**
At beginning of year as restated	**-**	**202.4**
Surplus for the year	**-**	**21.0**
Actuarial loss recognised in the pension schemes	**-**	**(8.5)**
At end of year	**-**	**214.9**

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

Notes

21 | Members

	2012 No.	2011 No.
Association		
At beginning of year	**33**	37
Shares issued on amalgamation	**51**	-
Other shares issued	**-**	3
Shares cancelled	**(1)**	(7)
At end of year	**83**	33

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

Notes

22 | Commitments

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

	2012 Group £m	2011 Group £m	**2012 Association £m**	2011 Association £m
Contracted for and not provided	**170.7**	302.2	**170.5**	287.4
Authorised by the Board and not yet contracted for	**75.8**	82.1	**75.8**	82.1

The Group expects to finance the above contracted commitments by:

	2012 Group £m	2011 Group £m	**2012 Association £m**	2011 Association £m
Proceeds from property sales	**141.0**	188.6	**125.3**	130.6
Capital grant receivable	**12.1**	45.8	**12.1**	45.8
Cash and available loan facilities	**17.6**	67.8	**33.1**	111.0
	170.7	302.2	**170.5**	287.4

At 31 March 2012, the Group has cash and borrowing facilities available of £242.0m (2011: £332.6m).

Notes

22 | Commitments (continued)

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

	2012 Land and buildings £m	**2012 Other £m**	2011 Land and buildings £m	2011 Other £m
Group				
Operating leases which expire:				
Within one year	**4.9**	**-**	17.4	-
In the second to fifth years inclusive	**37.6**	**-**	28.2	0.1
Over five years	**0.3**	**-**	0.7	-
	42.8	**-**	46.3	0.1

	2012 Land and buildings £m	**2012 Other £m**	2011 Land and buildings £m	2011 Other £m
Association				
Operating leases which expire:				
Within one year	**4.9**	**-**	17.4	-
In the second to fifth years inclusive	**37.6**	**-**	28.1	0.1
Over five years	**0.3**	**-**	0.6	-
	42.8	**-**	46.1	0.1

Notes

23 | Housing units and bedspaces

	2012 Group Units	2011 Group Units	2012 Association Units	2011 Association Units
Under development on site at end of year				
Units for rent	**2,041**	1,944	**1,171**	1,918
Low cost home ownership units	**324**	583	**228**	571
Outright sales units	**469**	1,012	**276**	438
	2,834	3,539	**1,675**	2,927
Under management at end of year				
General needs units owned	**14,732**	14,360	**14,732**	14,360
General needs units managed on behalf of others	**1,977**	10,127	**1,977**	10,127
Supported housing and housing for older people	**2,861**	2,881	**2,708**	2,708
Temporary housing units	**3,518**	3,611	**3,518**	3,611
Low cost home ownership and other leased units	**5,640**	5,243	**5,640**	5,243
Key worker accommodation	**1,211**	1,211	**1,211**	1,211
Other – non social housing:				
Market let	**90**	90	**90**	90
Intermediate rent	**715**	563	**715**	563
Managed for private landlords	**2,116**	2,116	**2,116**	2,116
Commercial	**95**	86	**95**	86
	32,955	40,288	**32,802**	40,115
Units owned but managed by others	**675**	1,061	**675**	675

Notes

24 | Pension schemes

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

Genesis Housing Association operated two schemes:

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

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

The Group's contributions to the scheme amounted to £2,251,000 (2011: £779,000), which includes an annual contribution of £1,985,000 (2011: £485,000).

b. A scheme, open to all employees starting from 1 June 1996, which is a money purchase scheme with AXA into which the employee and the Group each contribute between 3.5% and 7.5% of salary. Employees in this scheme are contracted into the State Earnings Related Pension Scheme.

The charge to the Group for the year was £793,000 (2011: £810,000).

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

c. A defined benefit statutory scheme administered in accordance with the Local Government Pension Scheme Regulations 1997, as amended. The Group's contributions to the London Pensions Fund Authority Scheme ("LPFA") for two groups of staff amounted to £52,000 (2011: £80,000).

d. The Social Housing Pension Scheme ("SHPS"), which is a multi-employer defined benefit scheme including Genesis Housing Association Limited. The Scheme is funded and is contracted out of the state scheme. The total contributions for the year amounted to £676,000 (2011: £513,000).

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

Notes

24 | Pension schemes (continued)

PCHA 2001 Pension Scheme

Employee benefit obligations

The amounts recognised in the balance sheet are as follows:	2012 £m	2011 £m
Present value of funded obligations	**43.3**	35.5
Fair value of planned assets	**(35.7)**	(32.5)
Net liability	**7.6**	3.0
Amounts in the balance sheet		
Liabilities	**(7.6)**	(3.0)

The amounts recognised in surplus are as follows:	2012 £m	2011 £m
Current service cost	**0.2**	0.3
Interest on obligation	**2.0**	2.1
Expected return on plan assets	**(1.9)**	(1.8)
Losses on curtailments and settlements	**(0.9)**	-
Total	**(0.6)**	0.6
Actual return on plan assets	**1.8**	1.7

Changes in the present value of the defined benefit obligation are as follows:	2012 £m	2011 £m
Opening defined benefit obligation	**35.5**	37.3
Service cost	**0.3**	0.3
Interest cost	**2.0**	2.1
Actuarial (losses)/gains	**7.3**	(3.4)
(Losses)/gains on curtailments and settlements	**(0.9)**	-
Benefits paid	**(0.9)**	(0.8)
Closing defined benefit obligation	**43.3**	35.5

Notes

24 | Pension schemes (continued)

PCHA 2001 Pension Scheme

Changes in the fair value of plan assets are as follows:	**2012 £m**	2011 £m
Opening fair value of plan assets	**32.5**	30.7
Expected return	**1.9**	1.8
Actuarial gains and (losses)	**(0.1)**	(0.1)
Contribution by members	**0.1**	0.1
Contribution by employer	**2.2**	0.8
Benefits paid	**(0.9)**	(0.8)
Closing fair value of plan assets	**35.7**	32.5

The Group expects to contribute £0.3m in 2013.

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

	2012	2011
UK Equities	**17%**	21%
FTSE guaranteed equity notes	**12%**	17%
Overseas equities	**6%**	4%
Bonds	**45%**	41%
Property	**1%**	1%
Other	**10%**	12%
Cash	**9%**	4%

Notes

24 | Pension schemes (continued)

PCHA 2001 Pension Scheme

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):	2012 £m	2011 £m
Discount rate at 31 March	**4.6%**	5.6%
Expected return on plan assets at 31 March	**6.0%**	6.0%
Future salary increases	**3.8%**	4.0%
Future pension increases	**3.3%**	3.5%

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

	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Defined benefit obligation	**(43.3)**	(35.5)	(37.3)	(32.7)	(31.9)
Plan assets	**35.7**	32.5	30.7	24.6	28.9
(Deficit)	**(7.6)**	(3.0)	(6.6)	(8.1)	(3.0)

Notes

24 | Pension schemes (continued)

LPFA

Employee benefit obligations

The amounts recognised in the balance sheet are as follows:

	2012 £m	2011 £m
Present value of funded obligations	**9.3**	8.4
Fair value of planned assets	**(7.8)**	(8.4)
	1.5	-
Present value of unfunded obligations	**0.1**	0.1
Net liability	**1.6**	0.1
Amounts in the balance sheet		
Liabilities	**(1.6)**	(0.1)

The amounts recognised in surplus are as follows:

	2012 £m	2011 £m
Current service cost	**0.1**	0.1
Interest on obligation	**0.4**	0.6
Expected return on plan assets	**(0.5)**	(0.5)
Change in past service cost from RPI to CPI change	**-**	(1.3)
Total	**-**	(1.1)
Actual return on plan assets	**0.1**	0.6

Notes

24 | Pension schemes (continued)

LPFA

Changes in the present value of the defined benefit obligation are as follows:	**2012 £m**	2011 £m
Opening defined benefit obligation	**8.4**	12.0
Service cost	**0.1**	0.1
Interest cost	**0.4**	0.6
Actuarial losses/(gains)	**1.2**	(2.6)
Benefits paid	**(0.8)**	(0.4)
Past service cost	**-**	(1.3)
Closing defined benefit obligation	**9.3**	8.4

In the year to 31 March 2012, the estimated amount of unfunded pensions paid was £4,000.

Changes in the fair value of plan assets are as follows:	**2012 £m**	2011 £m
Opening fair value of plan assets	**8.4**	8.7
Expected return	**0.6**	0.5
Actuarial gains and (losses)	**(0.5)**	(0.5)
Contribution by employer	**0.1**	0.1
Benefits paid	**(0.8)**	(0.4)
Closing fair value of plan assets	**7.8**	8.4

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

Notes

24 | Pension schemes (continued)

LPFA

The major categories of plan assets as a percentage of total plan assets are as follows:	**2012**	2011
UK Equities	**73%**	69%
Bonds	**12%**	12%
Alternative assets	**14%**	14%
Cash	**1%**	3%
Corporate bonds	**0%**	2%

Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):	**2012**	2011
Discount rate at 31 March	**4.6%**	5.5%
Expected return on plan assets at 31 March	**5.9%**	6.7%
Future salary increases	**4.2%**	4.5%
Future pension increases	**2.5%**	2.7%

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

	2012 £m	2011 £m	2010 £m	2009 £m	2008 £m
Defined benefit obligation	**(9.3)**	(8.4)	(12.0)	(7.4)	(7.7)
Plan assets	**7.8**	8.4	8.6	6.1	7.8
(Deficit)/Surplus	**(1.5)**	-	(3.4)	(1.3)	0.1
Experience adjustments on plan liabilities	**-**	2.3	-	-	(2.2)
Experience adjustments on plan assets	**(0.5)**	(0.5)	1.4	(2.2)	1.7

24 | Pension schemes (continued)

Social Housing Pension Scheme ("SHPS")

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

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

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

The last formal valuation of the Scheme was performed as at 30 September 2008 by a professionally qualified Actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £1,527m. The valuation revealed a shortfall of assets compared with the value of liabilities of £663m, equivalent to a past service funding level of 69.7%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2010. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £1,985m and indicated a reduction in the shortfall of assets compared to liabilities to approximately £497m, equivalent to a past service funding level of 80%.

The Scheme's 30 September 2011 valuation is currently in progress and will be finalised by 31 December 2012. The results of the 2011 valuation will be included in next year's Disclosure Note.

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

Notes

25 | Analysis of cash flows

Group	2012 £m	2011 £m
Returns on investment and servicing of finance		
Interest received	**1.0**	3.0
Interest paid	**(61.4)**	(56.5)
	(60.4)	(53.5)
Capital expenditure and financial investment		
Cash paid for construction and purchase of housing properties	**(132.3)**	(72.8)
Purchase of other tangible fixed assets	**(2.2)**	(1.8)
Sale of housing properties	**38.3**	52.0
Capital grant received	**16.5**	73.8
Net repayment from loan to joint ventures	**(25.5)**	8.3
	(105.2)	59.5
Movement of liquid resources		
(Increase)/decrease in current asset investment	**(14.3)**	25.8
Financing		
New borrowings	**124.1**	14.6
Repayment of borrowings	**(24.2)**	(46.7)
Additional loan costs	**-**	(0.5)
	99.9	(32.6)

Notes

26 | Analysis of net debt

	At beginning of year £m	Cash flow £m	At end of year £m
Group			
Cash in hand and at bank	52.4	4.4	56.8
Overdrafts	(5.9)	5.8	(0.1)
	46.5	10.2	56.7
Debt due after one year	(1,328.8)	(101.1)	(1,429.9)
Debt due within one year	(13.2)	1.2	(12.0)
	(1,295.5)	(89.7)	(1,385.2)
Current asset investments	17.6	14.3	31.9
Total	(1,277.9)	(75.4)	(1,353.3)

27 | Post balance sheet events

On 16 May 2012, the Genesis Finance II plc bondholders, approved a proposal to amend the specified denomination of the bonds from £50,000 to £100,000. This has enabled the company to make tap issues in the wholesale market. On 9 June 2012 the Genesis Finance II bondholders agreed to extend the availability of the Reserve Bonds until 21 December 2012.

Notes

28 | Related party disclosures

The following related parties had outstanding balances at 31 March 2012 and had transactions during the year with the Group as follows:

Transactions with associates:
Logic Homes Limited invoiced the Group £153,218 (2011: £899,476) for services provided. The Group invoiced Logic Homes Limited £12,000 (2011: £10,000) for office facilities. At 31 March 2012 £nil (2011: £6,002) was due to Logic Homes Limited by the Group.

Transactions with joint ventures:
On 10 May 2011, the Group disposed of its interest in Bishopsgate Apartments LLP and £6,200,000 of loans was repaid to the Group.

29 | Legislative provisions

Genesis Housing Association Limited is registered with the Financial Services Authority under the Industrial and Provident Societies Act 1965 (No 31130R) and with the Homes and Community Agency (No L4286).

Genesis Housing Association Ltd

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