
ORIGIN HOUSING LIMITED

ANNUAL ACCOUNTS

YEAR ENDED 31 MARCH 2012

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BOARD MEMBERS, EXECUTIVE DIRECTORS, ADVISORS AND BANKERS**Board Members**

Chair Colin Sherriff
 Vice Chair Alison Lowton

Other Members

Phillip Dawson
 Karen Wilson
 Paulette Rose
 Michael Dear
 Mike De'Ath
 David Fryman
 Richard Mais (resigned 25 August 2011)
 Suzanne Davies
 Jolyon Griffiths

Chair of Audit, Risk & Scrutiny Committee

Richard Mais (resigned 25 August 2011)
 Suzanne Davies (appointed from 25 August 2011)

**Chair of Remuneration Committee,
Chair of Investment Committee**

Alison Lowton
 Mike De'Ath

Executive Directors

Chief Executive Karen Wilson
 Finance & ICS Director Chris Trebilcock
 Director of Development Gareth Jones
 Housing Services Director Kate Farley (resigned 27 September 2011)
 Roz Spencer (Interim 8 August 2011 to 8 December 2011)
 Manpreet Dillon (appointed 21 November 2011)
 People Services Director Cathy McCarthy

Registered office

St Richards House
 110 Eversholt Street
 London NW1 1BS

Registered number

Registered as a charitable social landlord under the Industrial and Provident Societies Acts, No: 10008R

Registered by the Homes & Communities Agency, No: L0871

Auditors

BDO LLP
 2 City Place
 Beehive Ring Road
 Gatwick
 West Sussex
 RH6 0PA

Internal Auditors

Beever & Struthers
 Alperton House
 Bridgewater Road,
 Wembley
 Middlesex HA0 1EH

Principal Solicitors

Trowers & Hamblins
 Sceptre Court, 40 Tower Hill,
 London, EC3N 4DX

Bankers

Royal Bank of Scotland
 189-191 Camden High Street
 London NW1 7BP

REPORT OF THE BOARD

The Board presents its report and the Group's audited financial statements for the year ended 31 March 2012.

Principal activities

Origin Housing Limited ('the Association') is a charitable registered provider of social housing administered by a board all the members of which other than the Chair and CEO serve on a voluntary basis. The Association's principal activities are the development and management of housing (affordable, sheltered, keyworker, shared ownership, rent to homebuy, leasehold); the provision of care and support services; and the provision of administration and support services to subsidiaries. 'The Group' consists of the Association and the subsidiaries listed in note 14, 'Investment in subsidiaries', to the financial statements. The activities of the Group are detailed in the Operating and Financial Review on pages 8 to 12 of the financial statements.

Business review

Details of the Group's performance for the year and future plans are set out in the Operating and Financial Review that follows this report of the Board.

Legal status

The Association is registered under the Industrial and Provident Societies Act 1965 and is registered with the Homes and Communities Agency as a social landlord.

Housing property assets

Details of changes to the Group's housing property assets are shown in note 11 to the financial statements. Housing property values are considered in the Operating and Financial Review.

Reserves

After transfer of the surplus for the year of £7.4m (2011: £0.9m), at the year-end Group reserves amounted to £85.1m (2011: £70.8m).

Donations

The Group did not make any donations during this or the previous financial year.

Payment of creditors

In line with government guidance, our policy is to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier.

Financial instruments

The Group's approach to financial risk management is outlined in the Operating and Financial Review.

Employees

The strength of the Group lies in the quality of all its employees. In particular, our ability to meet our objectives and commitments to tenants in an efficient and effective manner depends on their contribution.

The Group shares information on its objectives, progress and activities through regular office and departmental meetings involving board members, the senior management team and staff.

We are committed to equal opportunities and in particular we support the employment of disabled people, both in recruitment and in the retention of employees who become disabled whilst in the employment of the Group.

Severance and Redundancy Payments

The total severance and redundancy payments made during the year were £193,376 (2011: £119,153) relating to 25 (2011: 12) individuals.

Health and safety

The Board is aware of its responsibilities on all matters relating to health and safety. The Group has prepared detailed health and safety policies and provides staff training and education on health and safety matters.

Board members and executive directors

The board members and the executive directors of the Group together with changes that have occurred during the year are set out on page 1. The board members are drawn from a wide background bringing together professional, commercial and local experience.

The performance of individual board members is reviewed annually by the Chair. Board members appraise the Chair and self appraise the overall performance of the Board annually. Only the Chair and Chief Executive receive remuneration which is disclosed in note 9 to the accounts.

Group insurance policies indemnify board members and officers against liability when acting for the Group.

REPORT OF THE BOARD (CONTINUED)

Service contracts

The chief executive is appointed on a permanent contract on 6 months notice. The other executive directors are employed on 3 months notice. Details of the executive directors' remuneration packages are included in note 9 to the audited financial statements.

Pensions

Certain executive directors and many other senior staff are members of the Social Housing Pension Scheme defined benefit final salary pension scheme, career average earnings scheme, and defined contribution scheme. They participate in the scheme on the same terms as all other eligible staff. The Association contributes to the scheme on behalf of its employees. The details of the scheme are explained in note 8 to the accounts.

Directors' Interests

Origin maintains a Register of Interests for the directors. Those directors with registered interests are listed below, all other directors have no registered interests:

Name	Membership of registered provider of social housing	Directorships of companies (public and private)	Offices in voluntary, other public organisations	Interest in other organisations receiving/ providing services to Origin
Suzanne Davies	None	Volunteer Reading Help, 22 Southbrook Road Limited,	Chair Friends of Bromley valley Gymnastics Club	None
Phillip Dawson	None	Fraser Brown Mackenna Ltd, Esca Properties Ltd,	Community Governor Walker Primary School, Trustee Southgate Cultural Fund, Trustee Parochial Church Council of Christ Church, Trustee & Chairman Enfield Talking Newspaper	Partner is a Councillor of LB Enfield
Michael Dear	None	None	Councillor Little Chalfont Parish Council	None
Mike De'Ath	None	HTA Architects, Origin Properties Limited, Origin Housing Developments Limited	None	Architects appointed by McCann/Buglav on Gilbert Street through previous RSL relationship
David Fryman	None	Origin Properties Limited, Origin Housing Developments Limited, Origin Finance Limited	None	None
Jolyon Griffiths	None	Casnou Ltd, Noucas Ltd, The Golden Sabre Ltd, Pacific Systems Ltd, The Colour of Water Ltd, Muse Capital Ltd, Bacchus Wine Closures Ltd, Sensitive Recordings Ltd, DRG Biofuels Ltd, HanDiMan (GB) Ltd, XIII Whilland Ltd, Plus500UK Ltd	None	None
Alison Lowton	None	Coram Children's Legal Centre Limited	Lay member of Information Rights Tribunal, Trustee Foundling Museum Coram	None
Richard Mais	None	Mais Management Ltd, CNP Management Ltd	None	None
Cathy McCarthy	None	None	None	Origin use tool provided by Substance Ltd, which employs a relative
Colin Sherriff	Shareholder – Sentinel housing Group	Corporate Health Ltd, Origin Housing Developments Limited, Origin Finance Limited	None	Wife employed by Savills.
Karen Wilson	None	Women's Sport and Fitness Foundation, Origin Finance Limited		None

REPORT OF THE BOARD (CONTINUED)**NHF Code of Governance and Code of Conduct**

Origin Housing has adopted the NHF Code of Governance and has complied with its provisions, apart from the following area:

Mike De'Ath and Richard Mais have served more than nine years as a Board members, Richard Mais resigned on 25 August 2011 and Mike De'Ath is due to stand down at the Board meeting on 23 August 2012.

Origin Housing has adopted the NHF Code of Conduct. Following an annual review and assessment return to the Regulator, the Board can confirm that Origin complies with the Code, and the Board and Executive team are committed to upholding the Code and to adhering to its high standards of conduct.

Tenant involvement

The Group encourage tenants' involvement in decision-making by promoting mechanisms of tenant involvement. Examples include the Residents' Forum and Scrutiny Committee. In addition the board has opened its meetings to representatives of this Forum to attend as observers in the open sessions. The Group had one tenant board member (Paulette Rose) during the year. As at 31 March 2012 the Group had one tenant board member and a vacancy for one further member.

Internal controls assurance

The Board is responsible for maintaining a sound system of internal controls within the Group/Association and for reviewing its effectiveness. It delegates the ongoing review of controls to the Audit, Risk and Scrutiny Committee and the Board receives an annual report from the Executive and Audit, Risk and Scrutiny Committee.

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

In fulfilling these responsibilities the Board has ensured that the process for identifying, evaluating and managing the significant risks faced by the Association is a continuing process and is embedded in the day to day management and governance processes. This has been in place for the year under review and up to the date of the approval of these accounts and report.

The Board has agreed a number of key policies designed to ensure effective internal controls including;

- a Risk Management Policy and Framework
- the Rules and Standing Orders of the Association (including terms of reference for boards and committees)
- a set of delegated powers detailing responsibilities for expenditure and authorisation of payments
- a comprehensive set of financial and operating policies and procedures covering all aspects of the business
- a risk based approach to internal audit reviews
- code of conduct for Board members and staff
- a policy on regular performance reporting to the Board
- Treasury Management Policy and Strategy with bi-annual reviews provided to the Board Investment Committee together with updates on the current position included in the quarterly management accounts provided to the board.

The Board has in place a comprehensive process to review the effectiveness of the Association's and Group's system of internal controls. This includes all of the following elements;

Identifying and evaluating key risks and the control environment

- reviews of the risk management framework
- a strategic risk register linked to the Association's key business plan objectives
- a three times a year review of the strategic risk register and internal controls by the Audit, Risk and Scrutiny Committee, reported to the Board annually
- a strategic risk register reviewed quarterly by the Executive
- a 5 year Business plan developed from a 30 year planning model
- a specific review of high level business plan risks as part of the annual review of the business plan
- reports to the Audit, Risk and Scrutiny Committee and Board on any significant changes affecting key risks
- an Executive Investment Panel and a Board Investment Committee which reviews the financial and other risks attached to all new business initiatives within parameters agreed by the Board
- a Risk Assessment Panel which reviews other risks apart from new business initiatives and funding issues

REPORT OF THE BOARD (CONTINUED)**Internal controls assurance (continued)**

Information and reporting systems

- an annual budget agreed before the beginning of each financial year
- quarterly performance reports to boards
- quarterly management accounts to the Board
- a monthly balanced scorecard report reviewed by the Executive and senior managers covering all key performance areas
- an annual review of performance and setting of new targets by the Board
- an annual review of the Business Plan by the Board
- minutes of the Audit, Risk and Scrutiny Committee considered by the Board
- minutes of the Risk Assessment Panel considered by the Audit Committee
- minutes of the Executive Investment Panel considered by the Board Investment Committee
- reports to the Board on any fraudulent activity
- staff and Board Code of Conduct
- reports from the Regulator on regulatory matters are reviewed by the Board

Monitoring arrangements on control issues

- a regular programme of internal audit reviews based on the risk map and reported to the Audit, Risk and Scrutiny Committee consisting of non executive directors and an independent co-opted member.
- an annual report from the Internal Auditor to the Audit, Risk and Scrutiny Committee
- a regular review by the Internal Auditor of the completion of internal audit recommendations, reported to the Audit, Risk and Scrutiny Committee
- review of external audit management letters and action taken by officers
- a three times a year review of strategic risks and controls by the Audit, Risk and Scrutiny Committee
- a quarterly review by the Executive of strategic risks
- the annual report by the Executive team to the Audit, Risk and Scrutiny Committee and Board on the effectiveness of internal Controls

This process culminates in an Annual Report by the Executive team on the effectiveness of Internal Controls to the Audit, Risk and Scrutiny Committee and a subsequent report from the Audit, Risk and Scrutiny Committee to the Board.

Going concern

After making enquiries, the Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Annual general meeting

The annual general meeting will be held on 23 August 2012 at St. Richards House, 110 Eversholt Street, London, NW1 1BS.

Disclosure of information to auditors

At the date of making this report each of the Association's board members, as set out on page 1, confirm the following:

- so far as each board member is aware, there is no relevant information needed by the Association's auditors in connection with preparing their report of which the Association's auditors are unaware
- each board member has taken all the steps that he/she ought to have taken as a director in order to make himself/herself aware of any relevant information needed by the Association's auditors in connection with preparing their report and to establish that the Association's auditors are aware of that information.

REPORT OF THE BOARD (CONTINUED)

External auditors

BDO LLP will be proposed for reappointment at the forthcoming annual general meeting.

The Report of the Board was approved by the Board of Origin Housing Limited on 23 August 2012 and signed on its behalf by:



C Waterer
Company Secretary

OPERATING AND FINANCIAL REVIEW

Background

Activities

The principal activities of Origin Housing Limited ("Origin") are to provide quality affordable homes and effective support services, to meet the needs of customers and to build sustainable communities across North London and Hertfordshire.

Origin is a dynamic and diverse organisation that owns and manages over 5,600 homes, including:

- general needs and affordable housing for rent, for households who are unable to rent or buy at open market rates;
- supported housing and care for people who need additional housing-related support or additional care;
- intermediate rented housing for key workers; and
- low-cost home ownership, primarily shared ownership where residents purchase a share in the equity of their homes and pay rent to the Association on the remainder.

As well as owning and managing these properties, Origin is a major developer of new affordable housing and through its Connected Partnership is one of the associations selected by the GLA and HCA development partners.

The turnover for the year of £43.1m shows a rise from last year's figure of £37.0m. This is mainly due to property sales (primarily by Origin's commercial subsidiary) to the value of £5.1m, together with first tranche sales of £2.6m during 2011-12.

External influences and the Operating Environment

Welfare reform, public sector funding cuts and economic instability are the main threats to Origin. We are working in areas with strong demand for our products and competition is muted. Our strong asset base and with business simplification completed, our increasingly positive reputation position Origin well for the future. We need to improve our value for money, improve some services and find ways around constraining gearing ratios to thrive in the future. The new environment demands more commerciality, new approaches to service delivery and housing development, targeting of social investment and a measured acceptance of greater risks.

It is expected that the downward pressure on capital grant will continue beyond March 2015, as Government endeavours to reduce public debt in the context of an aging population and rising healthcare costs. The reduction in the availability of loan finance is a significant challenge. Banks continue to seek to re-price existing loans due to losses they are incurring on their loans to housing associations such as Origin. This will mean that the bond market and other sources of finance are likely to become increasingly important.

The drive for efficiency and value for money will be a major challenge, with the Government's Welfare Reform changes, including Universal Credit and the overall £26,000 benefit cap on households. In addition, as associations move to more commercial rents as a result of grant reduction this could put pressure on the affordability of rents and consequent arrears.

Housing shortages exist across all main tenures with social and affordable housing in London the worst affected, with 11% of households being on local authority waiting lists, compared to a national average for England of 8%. In an effort to address this, the Government's Affordable Homes Programme is intended to produce 80,000 new homes in addition to those already in train.

The Origin board believe that the organisation is in a very good position to continue to deliver on its objectives. The business plan for the next five years is financially viable and will deliver on the agreed number of new developments, meet decent home standards and provide services to our tenants and customers that they really need. The external factors are described in more detail as 'Threats' and 'Opportunities' below.

Threats

Welfare reform will reduce the income of residents on benefits. Specifically, tenants on benefits under-occupying our homes will not have all their rent covered from April 2013. In addition, the single universal benefit will start being paid in 2013 to new claimants directly and housing benefit direct to the landlord will cease in most cases, by 2017. This poses significant risks to our income streams and requires a different relationship with customers.

Public sector funding cuts are substantial. Little capital grant funding is available for affordable housing development, requiring reliance on higher rents to fund building, profits from sales of existing or newly built properties, and/or use of existing rental stream surpluses. This makes development higher risk.

Reductions in funding for housing related support and social care are leading to decommissioning and price reductions on services. In addition, Personalisation means an end to many block contracts. There is also a significant social impact from the withdrawal of services to our residents, the places in which they live in and their communities. This in turn will impact on our housing management costs.

OPERATING AND FINANCIAL REVIEW (CONTINUED)**Threats (continued)**

Economic instability means an end to long term, low margin funding from our traditional funders, the banks. In addition, our existing funding covenants do not support sustained development in a low grant environment. Origin, like other similar organisations, will need to find new sources of funding and create new business structures to support future housing development.

Commercial activities, necessary to generate income to substitute for public funding withdrawals are not without risk in the relatively depressed economy.

Unemployment is high which is increasing the risk of owners and tenants having difficulty meeting their housing costs.

Opportunities

Regulation has been reshaped to allow more freedom for housing associations to grow and shape their businesses in different ways. The withdrawal from proscriptive service delivery means the ability to focus service offers and set priorities based on customer requirements. However, over the next 5-10 years we may see many private providers entering the market for the first time which is a threat.

Localism will result in less Central Government intervention and together with the reduction in public resources facilitates new ways of running services.

Housing supply is tight, resulting in house prices and market rents becoming less affordable to those on low and middle incomes. There is currently a strong demand for products of the right quality and price, in the subsidised rented and shared ownership sectors

Objectives and strategy

The objectives and strategies are set out in a business plan which is reviewed annually and approved by the board.

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Performance

Despite the uncertainty in the market Origin is well placed to deliver its objectives including developing more affordable housing and in delivering a service that fits our tenants and customers needs. Origin's business plan sets out the goals and objectives for the continued growth of the business, the delivery of an excellent service to our customers, decent homes and financial stability.

The key indicators used by senior management and the Board to monitor the achievement of Origin's objectives are set out below. The Board agrees targets each year that are designed to manage development and deliver continuous service improvement.

	Objective	Indicator
Service quality	<ul style="list-style-type: none"> Strengthen repair, maintenance and customer services Develop care and support services to meet commissioner and customer expectations Strengthen customers' ability to influence services and Origin's accountability to them Achieve and evidence high levels of customer satisfaction in all tenures of housing development; Improve value for money across all services 	<ul style="list-style-type: none"> Top quartile satisfaction with the Origin repairs service Customer satisfaction rates of 90% for care and support services Care and support services rated by commissioners and CQC as meeting required standards. Customer satisfaction with Origin as a landlord rises to upper quartile for London and South East Customer satisfaction rating on new developments: 85% satisfied or better. Rent arrears < 6%.
Development	<ul style="list-style-type: none"> Enhance the performance and unlock the value of our residential property assets Invest in our housing stock so it remains fit for the future Maximise the income and value of our commercial property 	<ul style="list-style-type: none"> Customer satisfaction with their home: upper quartile compared to London traditional housing associations. 100% properties maintained at Decent Homes Standard. Thermal performance of all residential rented property to be a minimum of level D Return on commercial property assets held: 3% real (above inflation). Sales of existing properties, that we have decided not to maintain, of at least four units per annum, in line with HCA targets.
Finance	<ul style="list-style-type: none"> Optimise net cash inflows Increase Financial Capacity Maximise Value for Money 	<ul style="list-style-type: none"> Results compared to budget and business plans Arrears levels and income collection Annual efficiency gains and activity cost comparisons Performance against loan covenants

Finance

It is the aim of Origin to maintain a stable operating surplus over the coming years, with efficiency savings planned through service reviews and other initiatives ensuring resources can be reallocated to improve service delivery.

Origin is pleased to report an operating surplus before taxation for of £8.5m (2011: £5.4m) which together with our surplus on the sale of fixed assets of £6.4m (2011: £3.3m) contributed to the year-end reserves of £85.1m (2011: £70.8m).

Turnover from social housing lettings has reduced from 2011 (as shown in Note 2) due to the transfer of various properties to other housing associations and the end of sale and leaseback arrangements with Camden Local Authority which previously provided rental income in excess of social rental levels.

The voids available to let during 2011/12 have fallen as a percentage of General Needs Housing stock to 0.36% in March 2012 (April 2011: 1%). The arrears for social rents and service charges are 6.8% (2011: 5.6%).

There were impairment charges of £0.4m on commercial properties (2011: £nil) and revaluation on commercial properties of £7.0m (2011: £nil).

OPERATING AND FINANCIAL REVIEW (CONTINUED)**Governance**

Membership of the Origin Housing Board provides a cross section of experience that is designed to support and challenge the Executive team. The Board is supported by a wide range of committees, including the Audit, Risk & Scrutiny Committee and Investment Committee.

Risks and uncertainties

The overall objective of the Risk Strategy in Origin is to encourage properly controlled risk taking which is necessary to ensure Origin achieves its business objectives. The risk management framework is designed to ensure that Origin has in place policies and procedures that identify and manage risks that may adversely affect the organisation's ability to meet its business objectives or impact its ability to execute its strategies successfully. To assist in the management of risk, each operational function has a risk register which records the risks and mitigating controls. These are reviewed quarterly and an assessment made on a structured basis of the severity of the risk. Changes in the severity of risks and severe risks are reported to the Executive via the Risk Assessment Panel. The Executive reviews the strategic risks in facing the Association and Group each quarter and submits an updated strategic risk register to each meeting of the Audit Risk and Scrutiny Committee and twice a year to the Board.

Financial position

The financial results for Origin are set out on pages 16 to 47. The following paragraphs highlight key features of Origin's financial position at 31 March 2012:

Accounting policies

Origin's accounting policies are set out on pages 21 to 23. The accounting policies that are most critical to the financial results relate to accounting for housing properties and include: capitalisation of interest and development costs; deduction of capital grant from the cost of assets; housing property depreciation; and the treatment of shared ownership properties. Origin has implemented component accounting (as recommended by SORP 2010) for its fixed assets. The impact on 2011/12 is an increase in depreciation of circa £0.5m. Prior years have been restated for statutory accounting purposes and housing depreciation for 2010/11 has been increased by £138k and commercial property depreciation by £189k as a result of component accounting. In addition the effect of changes in the treatment of non-exchange transactions has resulted in the prior year movement of £4.0m of negative goodwill to revenue reserves, and the reversal of annual amortisation of £84k.

Housing properties

At 31 March 2012 Origin owned and managed 5,624 housing properties. This shows an increase on the 2011 figure (5,420), with increases in all tenures apart from Rent to Homebuy and Residential Care Homes, as a result of new developments coming on line. The properties are carried in the balance sheet at cost (after depreciation and capital grant) of £245.6m (2011: £218.4m).

The investment in new and existing housing properties this year was funded through a mixture of Social Housing Grant, loan finance, working capital and the proceeds from the sale of assets. Origin's treasury management arrangements are considered below.

Pension costs

Origin participates in the Social Housing Pension Scheme ('SHPS'). The scheme is funded, and is contracted out of the state scheme. SHPS is a multi-employer defined benefit scheme which means there is no requirement to reflect any potential long term liability in the financial statements.

Capital structure and treasury policy

Origin's development programme is funded through a mix of grant, loan funding, working capital and proceeds from the sale of assets. At the year end Origin had loan facilities of £263.6m in place. During the year it drew down a net £30.7m to develop general needs, intermediate rent and shared ownership units, bringing the total borrowings to £212.5m (further details on the terms and repayment dates can be found in note 20). The five-year summary in table 1 (page 12) shows a healthy performance regarding interest cover of 1.99 (2011: 1.12) and gearing 44.8% (2011: 42.2%).

Treasury management is reviewed annually by the Board where the approach towards additional funding and interest rate management is agreed. Origin borrows and invests only in Sterling and is therefore not exposed to any currency risk.

OPERATING AND FINANCIAL REVIEW (CONTINUED)**Cash flows**

Cash inflows and outflows during the year are shown in the consolidated cash flow statement on page 20.

The net cash inflow from operating activities was £4.4m (2011: £4.2m).

Liquidity

Origin has the ability to fund its current and future operations with net current assets of £12.5m (2011: £2.5m)

Statement of compliance

In preparing this Operating and Financial Review, the Board has followed the principles set out in Part 3 of the SORP 'Accounting by Registered Social Housing Providers Update 2010'.

TABLE 1 – FIVE-YEAR SUMMARY

For the year ended 31 March	2012	2011	2010	2009	2008
	£'000	Restated £'000	£'000	£'000	£'000
Group Income and Expenditure Account					
Turnover	43,102	37,033	59,961	37,070	32,545
Cost of sales	(5,649)	(164)	(19,172)	(1,687)	(373)
Operating costs	(28,920)	(31,485)	(30,523)	(27,775)	(24,777)
Operating surplus	<u>8,533</u>	<u>5,384</u>	<u>10,266</u>	<u>7,608</u>	<u>7,395</u>
Surplus for the financial period	<u>7,377</u>	<u>938</u>	<u>8,583</u>	<u>1,406</u>	<u>1,945</u>
Group Balance Sheet					
Housing properties, net of depreciation	464,796	429,170	401,676	364,250	332,371
SHG and other capital grants	(219,165)	(210,746)	(192,232)	(183,833)	(176,954)
Housing properties net of grants	<u>245,631</u>	<u>218,424</u>	<u>209,444</u>	<u>180,417</u>	<u>155,417</u>
Other tangible fixed assets at cost or valuation	<u>37,426</u>	<u>30,804</u>	<u>29,893</u>	<u>29,288</u>	<u>36,503</u>
Tangible fixed assets	<u>283,057</u>	<u>249,228</u>	<u>239,337</u>	<u>209,705</u>	<u>191,920</u>
Net current assets/ (liabilities)	<u>10,502</u>	<u>2,495</u>	<u>7,628</u>	<u>15,315</u>	<u>(2,421)</u>
Total assets less current liabilities	<u>293,559</u>	<u>251,723</u>	<u>246,965</u>	<u>225,020</u>	<u>189,499</u>
Creditors: Amounts falling due after more than one year	208,428	180,942	174,448	161,090	119,128
Revaluation reserve	23,393	16,420	16,418	16,442	24,289
Revenue reserve	60,727	53,374	51,173	42,555	41,125
Negative goodwill ¹	-	-	4,102	4,186	4,271
Designated reserves	<u>1,011</u>	<u>987</u>	<u>824</u>	<u>747</u>	<u>686</u>
Reserves	<u>85,131</u>	<u>70,781</u>	<u>72,517</u>	<u>63,930</u>	<u>70,371</u>
	<u>293,559</u>	<u>251,723</u>	<u>246,965</u>	<u>225,020</u>	<u>189,499</u>
Housing stock - Social	5,107	4,771	5,013	5,370	5,210
Housing stock - Non-Social	517	649	480	586	495
Managed stock	-	-	-	-	10
Total	<u>5,624</u>	<u>5,420</u>	<u>5,493</u>	<u>5,956</u>	<u>5,715</u>
Statistics					
Surplus as % of turnover	17.1%	2.5%	14.3%	3.8%	6.0%
Rent loss % of rent and service charge	3.6%	3.0%	6.6%	6.4%	4.2%
Social rent arrears % of rent and service charge	6.8%	5.6%	6.5%	7.3%	6.2%
Interest cover (surplus before interest divided by interest payable)	1.99	1.12	2.32	1.18	1.29
Liquidity (current assets divided by current liabilities)	1.6	1.2	1.5	1.8	0.9
Gearing (total debt as % of housing properties net of depreciation)	44.8%	42.2%	43.4%	44.2%	35.8%
Total reserves per home owned	£15,137	£13,059	£13,202	£10,734	£12,335

¹ The figures for negative goodwill in 2010, 2009 and 2008 are shown under SORP 2008.

STATEMENT OF RESPONSIBILITIES OF THE BOARD**Statement of the responsibilities of the Board for the report and financial statements**

The board members are responsible for preparing the report of the board and the financial statements in accordance with applicable law and regulations.

Industrial and Provident Society law and social housing legislation require the board members to prepare financial statements for each financial year in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The directors 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 association and of the surplus or deficit of the association for that period.

In preparing these financial statements, the board members are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by registered social landlords (2010) have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

The board members are responsible for keeping adequate accounting records that are sufficient to show and explain the association's transactions and disclose with reasonable accuracy at any time the financial position of the group and association and enable them to ensure that the financial statements comply with the Industrial and Provident Societies Acts 1965 to 2002, 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. They are also responsible for safeguarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board is responsible for ensuring that the report of the board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered housing providers Update 2010.

Financial statements are published on the association's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the association's website is the responsibility of the board members. The board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ORIGIN HOUSING LIMITED

We have audited the financial statements of Origin Housing Limited for the year ended 31 March 2012 which comprise the consolidated and association income and expenditure accounts, statements of total recognised surpluses and deficits, the reconciliation of movements in group's and association's funds, the consolidated and association balance sheets, the consolidated cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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

Respective responsibilities of the board and auditors

As explained more fully in the statement of board member responsibilities, the board members are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit 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 www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent association's affairs as at 31 March 2012 and of the group's and parent association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Industrial and Provident Societies Acts 1965 to 2002, 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 we are required to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements;
- adequate accounting records have not been kept by the association, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.



BDO LLP, statutory auditor
Gatwick, West Sussex
United Kingdom

Date: 6 September 2012

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

CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2012

	Note	2012 £'000	2011 Restated £'000
Turnover	2	43,102	37,033
Cost of sales	2	(5,649)	(164)
Operating costs	2	(28,920)	(31,485)
Operating surplus	2	8,533	5,384
Surplus on sale of fixed assets – housing properties	5	6,442	3,284
Interest receivable and other income	6	16	60
Interest payable and similar charges	7	(7,466)	(7,746)
Surplus on ordinary activities before taxation		7,525	982
Tax on surplus on ordinary activities	10	(148)	(44)
Surplus for the financial period	24	7,377	938

There is no material difference between the result reported above and that which would be reported on a historical cost basis.

Turnover and operating surplus for the current and prior years relate to continuing activities.

The notes on pages 22 to 47 form part of these financial statements.

ASSOCIATION INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2012

	Note	2012 £'000	2011 Restated £'000
Turnover	2	38,371	37,055
Cost of sales	2	(2,188)	(164)
Operating costs	2	(28,873)	(31,427)
Operating surplus	2	<u>7,310</u>	<u>5,464</u>
Surplus on sale of fixed assets – housing properties	5	6,442	3,284
Interest receivable and other income	6	448	116
Interest payable and similar charges	7	(7,809)	(7,496)
Surplus on ordinary activities before taxation		<u>6,391</u>	<u>1,368</u>
Tax on surplus on ordinary activities	10	(148)	(46)
Surplus for the financial period	24	<u><u>6,243</u></u>	<u><u>1,322</u></u>

Historical cost surpluses and deficits were identical to those shown in the income and expenditure account.

Turnover and operating surplus for the current and prior years relate to continuing activities.

The notes on pages 22 to 47 form part of these financial statements.

STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS

For the year ended 31 March 2012

	Note	Group		Association	
		2012 £'000	2011 Restated £'000	2012 £'000	2011 Restated £'000
Surplus for the financial year		7,377	938	6,243	1,322
Unrealised surplus on revaluation of investments	24	1	2	1	2
Unrealised surplus on revaluation of commercial properties	24	6,972	-	6,972	-
Reserves arising on transfer of engagements		-	-	-	6,164
Total recognised surpluses/(deficits) for the year		14,350	940	13,216	7,488
Prior period adjustment	33	(2,923)	-	(2,918)	-
Total recognised surpluses/(deficits) since the last financial statements		11,427	940	10,298	7,488

RECONCILIATION OF MOVEMENTS IN GROUP'S AND ASSOCIATION'S FUNDS

For the year ended 31 March 2012

	Group		Association	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
At 1 April as previously stated	73,704	72,517	73,888	66,158
Prior period adjustment	(2,923)		(2,918)	
At 1 April as restated	70,781	72,517	70,970	66,158
Total recognised surpluses/(deficits) relating to the year	14,350	1,187	13,216	7,730
At 31 March	85,131	73,704	84,186	73,888

The notes on pages 22 to 47 form part of these financial statements.

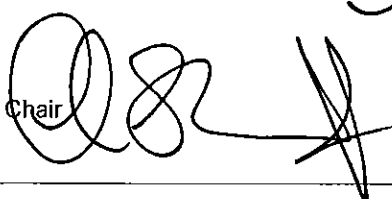
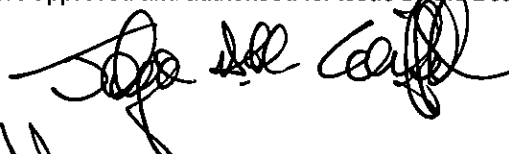

CONSOLIDATED BALANCE SHEET

As at 31 March 2012

	Note	31 March 2012 £'000	31 March 2011 Restated £'000
Tangible fixed assets			
Housing properties at depreciated cost	11	464,796	429,170
Social Housing Grant	11	(215,896)	(207,453)
Other capital grants	11	(3,269)	(3,293)
		<u>245,631</u>	<u>218,424</u>
Commercial properties at cost or valuation	12	34,992	28,690
Other tangible fixed assets at depreciated cost	13	2,434	2,114
		<u>283,057</u>	<u>249,228</u>
Investments			
Homebuy loans		2,676	2,812
Social Housing Grant		(2,676)	(2,812)
		<u>-</u>	<u>-</u>
Current assets			
Properties for sale	15	14,503	4,941
Debtors	16	6,183	9,697
Deferred tax assets	10	-	-
Investments	17	17	16
Cash at bank and in hand		8,541	3,173
		<u>29,244</u>	<u>17,827</u>
Creditors: amounts falling due within one year	18	<u>(18,742)</u>	<u>(15,332)</u>
Net current assets		<u>10,502</u>	<u>2,495</u>
Total assets less current liabilities		<u>293,559</u>	<u>251,723</u>
Creditors: amounts falling due after more than one year	19	208,428	180,942
Capital and reserves			
Non-equity share capital	23	-	-
Revaluation reserve	24	23,393	16,420
Revenue reserve	24	60,727	53,374
Designated reserve	24	1,011	987
	24	<u>85,131</u>	<u>70,781</u>
		<u>293,559</u>	<u>251,723</u>

The notes on pages 22 to 47 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 23 August 2012 and signed on its behalf by:

 Chair
 Board Member
 Secretary

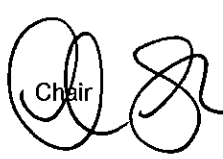
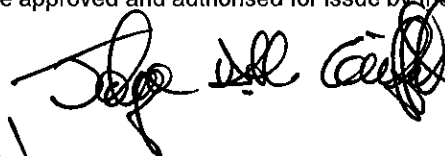

ASSOCIATION BALANCE SHEET

As at 31 March 2012

	Note	31 March 2012 £'000	31 March 2011 Restated £'000
Tangible fixed assets			
Housing properties at depreciated cost	11	464,796	429,170
Social Housing Grant	11	(215,896)	(207,453)
Other capital grants	11	(3,269)	(3,293)
		<u>245,631</u>	<u>218,424</u>
Commercial properties at valuation	12	31,612	25,284
Other tangible fixed assets at depreciated cost	13	2,434	2,114
		<u>279,677</u>	<u>245,822</u>
Investments			
Homebuy loans		2,676	2,812
Social Housing Grant		(2,676)	(2,812)
Investment in subsidiaries and associated undertakings	14	17,192	3,601
		<u>17,192</u>	<u>3,601</u>
Current assets			
Properties for sale	15	4,422	2,432
Debtors	16	5,535	12,585
Deferred tax assets	10	-	-
Investments	17	17	16
Cash at bank and in hand		3,881	3,171
		<u>13,855</u>	<u>18,204</u>
Creditors: amounts falling due within one year	18	(17,763)	(15,337)
Net current assets/ (liabilities)		<u>(3,908)</u>	<u>2,867</u>
Total assets less current liabilities		<u>292,961</u>	<u>252,290</u>
Creditors: amounts falling due after more than one year	19	208,775	181,320
Capital and reserves			
Non-equity share capital	23	-	-
Revaluation reserve	24	23,393	16,420
Revenue reserve	24	59,782	53,563
Designated reserve	24	1,011	987
	24	<u>84,186</u>	<u>70,970</u>
		<u>292,961</u>	<u>252,290</u>

The notes on pages 22 to 47 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 23 August 2012 and signed on its behalf by:

 Chair
 Board Member
 Secretary

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2012

	Note	2012 £'000	2011 Restated £'000
Net cash inflow from operating activities	27	5,938	4,261
Returns on investments and servicing of finance			
Interest received		16	60
Interest paid		(9,106)	(9,141)
Proceeds from the sale of investments		-	-
Net cash outflow from returns on investments and servicing of finance		(9,090)	(9,081)
Corporation tax paid		(119)	(108)
Capital expenditure			
Proceeds from sale of housing properties	5	10,154	4,910
Payments to acquire and develop housing properties		(41,794)	(30,639)
Capital grants received		10,984	18,144
Capital grants paid		-	(830)
Payments to acquire commercial properties		(6)	(3,549)
Payments to acquire other fixed assets		(992)	(1,016)
		(21,654)	(12,980)
Net cash outflow before financing		(24,925)	(17,908)
Financing			
Loans received		36,176	9,678
Loans repaid		(5,445)	(5,445)
	29	30,731	4,233
(Decrease)/increase in cash	28	5,806	(13,675)

The notes on pages 22 to 47 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS**1 Accounting policies****Basis of accounting**

The financial statements of the Group and the Association are prepared under the historic cost convention, modified for the revaluation of commercial properties and investments; in accordance with applicable accounting standards and the Statement of Recommended Practice ('SORP'): accounting by Registered Social Housing Providers Update 2010; and comply with the Accounting Requirements for Registered Social Landlords General Determination 2006.

Origin Housing Limited is registered as a charitable social landlord under the Industrial and Provident Societies Acts, No. 10008R.

Basis of consolidation

The consolidated financial statements include the results of Origin Housing Limited and all its subsidiaries at 31 March. All intra-Group balances, transactions, income and expenses are eliminated in full on consolidation. The results of subsidiary undertakings acquired or disposed of during the period are included or excluded from the income statement from the effective date of acquisition or disposal.

Turnover

Turnover comprises rental income receivable in the year, income from sales of first tranche shared ownership sales and outright sales, other services included at the invoiced value (excluding value added tax) of goods and services supplied in the year and revenue grants receivable in the year.

Deferred taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Except as noted below, full provision for deferred taxation is made under the incremental liability method on all timing differences that have arisen, but not reversed by the balance sheet date.

In accordance with FRS 19, deferred tax is not provided for gains on the sale of non-monetary assets, if the taxable gain will probably be rolled over.

Deferred tax is measured at the tax rates that are expected to apply in the periods when the timing differences are expected to reverse, based on tax rates and law enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Value added tax

The Group charges value added tax ('VAT') on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the Group and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset respectively.

Interest payable

Interest is capitalised on borrowings to finance developments to the extent that it accrues in respect of the period of development if it represents either:

- a) interest on borrowings specifically financing the development programme after deduction of interest on Social Housing Grant received in advance; or
- b) interest on borrowings of the Association as a whole after deduction of interest on Social Housing Grant received in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to the income and expenditure account in the year.

Derivatives

The Association uses interest rate swaps to reduce its exposure to future increases in the interest rates on floating rate loans. The notional principal is not reflected in the Group's balance sheet. Payments made under swaps are accrued over the payment period on a straight-line basis and adjusted against interest payable on the loans.

Pensions

The Group contributes to a defined benefit final salary pension for staff that were in post before 1 April 2007 and to a career average earnings scheme for other new staff who were in post and elected to join the scheme by 30 September 2010. Staff who were not members of either scheme at 30 September 2010 can elect to join a defined contribution scheme to which the Group contributes.

The Group participates in the Social Housing Pension Scheme ('SHPS') a multi-employer defined benefit scheme.

For SHPS it has not been possible to identify the share of underlying assets and liabilities belonging to individual participating employers. The income and expenditure charge represents the employer contribution payable to the scheme for the accounting period.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**1 Accounting policies (continued)****Supporting people**

Charges for support services funded under supporting people are recognised as they fall due under the contractual arrangements with administering authorities.

Housing properties

Housing properties are principally properties available for rent, including the retained equity in shared ownership properties, and are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs, interest charges incurred during the development period and expenditure incurred in respect of improvements. Major components of properties are treated as separable assets and component additions are described as works to existing properties.

Shared ownership and staircasing

Under shared ownership arrangements, the Association disposes of a long lease of shared ownership housing units to persons who occupy them, at a premium equal to between 25% and 75% of the open market value (the 'first tranche'). The occupier has the right to purchase further proportions at the current valuation at that time up to 100% ('staircasing').

A shared ownership property comprises two assets: that to be disposed of in the first tranche sale, which is recorded as a current asset; and that retained by the Association, which is recorded as a fixed asset in the same manner as for general needs housing properties.

Proceeds of sale of first tranches are accounted for as turnover in the income and expenditure account, with the apportioned cost being shown within operating results as the cost of sale.

Subsequent tranches sold ('staircasing sales') are disclosed in the income and expenditure account after the operating result as a surplus or deficit on sale of fixed assets. Such staircasing sales may result in capital grant being deferred or abated and this is credited in the sales account arriving at the surplus or deficit.

Social Housing Grant in respect of shared ownership properties is allocated against the fixed asset element of the shared ownership property and is treated as a deduction from fixed assets.

Properties under rent to homebuy arrangements (where the occupier has the right to purchase within 5 years) are also disclosed under shared ownership, with 100% recorded as a fixed asset.

Commercial properties

Commercial properties are stated at market value less depreciation and impairment. A valuation was carried out by external valuers Copping Joyce Chartered Surveyors LLP in accordance with RICS appraisal and valuation standards (PS 5.1) and on market basis as at 31 March 2012. The rolling valuation method has been adopted for valuations.

Market value is defined as the estimated amount for which the property should exchange on the valuation between a willing buyer and a willing seller in an arms length transaction after proper marketing wherein the parties had each acted 'knowledgably, prudently and without compulsion'.

Social Housing Grant

Social Housing Grant ('SHG') is receivable from the Homes and Communities Agency ('HCA') and is utilised to reduce the capital costs of housing properties, including land costs. SHG due from the HCA or received in advance is included as a current asset or liability respectively. 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 is subordinated to the repayment of loans by agreement with the HCA. SHG released on sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the balance sheet in creditors.

Other grants

Other grants are receivable from local authorities and other organisations. Capital grants are utilised to reduce the capital costs of housing properties, including land costs. Grants in respect of revenue expenditure are credited to the income and expenditure account in the same period as the expenditure to which they relate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**1 Accounting policies (continued)****Depreciation of housing and commercial properties**

Freehold land is not depreciated. Buildings are depreciated over their estimated useful economic life of 100 years. Major components of buildings are treated as separable assets and depreciated over their estimated useful economic lives at the following rates:

Roof, doors and windows	40 years
Kitchens and bathrooms	25 years
Boilers and heating equipment, Electrical, Lifts	20 years

Properties held on leases are amortised over the shorter of life of the lease or their estimated useful economic lives.

Depreciation of other tangible fixed assets

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. The expected useful lives of other assets are:

Furniture, fixtures and fittings	15 years
Computers and office equipment	4 years

Impairment

Properties which are depreciated over a period in excess of 50 years are subject to annual impairment reviews. 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 their recoverable amount. Any such write down is charged to operating surplus, unless a revaluation reserve exists for the asset, in which case the amount of the impairment is deducted from the revaluation reserve up to the balance of the reserve for the asset. Any remaining impairment is then charged to operating surplus.

Leased assets

Rentals payable under operating leases are charged to the income and expenditure account on a straight-line basis over the lease term.

Properties for sale

Properties for outright sale and shared ownership first tranche developments are valued at the lower of cost and net realisable value, regardless of whether they are completed or still under construction. Cost comprises materials, direct labour, direct development overheads and attributable interest on borrowings. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Homebuy loans and grants

Under these arrangements the Association receives Social Housing Grant representing a maximum of 30% of the open market purchase price of a property in order to advance interest free loans of the same amount to a homebuyer. The buyer meets the balance of the purchase price from a combination of personal mortgage and savings. Loans advanced by the Association under these arrangements are disclosed in the investments section of the balance sheet.

In the event that the property is sold on, the Association recovers the equivalent loaned percentage value of the property at the time of the sale. The grant becomes recyclable when the loans are repaid up to the amount of the original grant and to the extent the proceeds permit. The Association is able to retain any surplus proceeds less sale costs attributable to the equivalent loaned percentage share of the value of the property. If there is a fall in the value of the property the shortfall of the proceeds is offset against the recycled grant. There are no circumstances in which the Association will suffer any capital loss.

Current asset investments

Current asset investments are readily disposable liquid resources stated at market value. They include some money market deposits, held for more than 24 hours that can only be withdrawn without penalty on maturity or by giving notice of more than one working day.

Reserves

The Group establishes restricted reserves for specific purposes where their use is subject to external restrictions and designated reserves where reserves are earmarked for a particular purpose.

Revaluation reserve

The difference between the market value of commercial properties and the historical cost carrying value is credited to the revaluation reserve. Any impairment on commercial properties is debited against the revaluation reserve up to the balance of the reserve.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Turnover, cost of sales, operating costs and operating surplus

	Group 2012			
	Turnover £ '000	Cost of sales £ '000	Operating costs £ '000	Operating surplus £ '000
Social housing lettings	30,931	-	(24,536)	6,395
Other social housing activities				
Shared ownership first tranche sales	2,647	(1,887)	-	760
Supporting people contract income	1,386	-	(1,101)	285
Community development	147	-	(368)	(221)
Care & repair	482	-	(436)	46
	<u>4,662</u>	<u>(1,887)</u>	<u>(1,905)</u>	<u>870</u>
Non-social housing activities				
Properties for outright sale	5,101	(3,762)	-	1,339
Commercial activities	2,075	-	(1,621)	454
Leasehold & market rent	333	-	(858)	(525)
	<u>7,509</u>	<u>(3,762)</u>	<u>(2,479)</u>	<u>1,268</u>
	<u>43,102</u>	<u>(5,649)</u>	<u>(28,920)</u>	<u>8,533</u>
	Group 2011 Restated			
	Turnover £ '000	Cost of sales £ '000	Operating costs £ '000	Operating surplus £ '000
Social housing lettings	31,764	-	(26,682)	5,082
Other social housing activities				
Shared ownership first tranche sales	111	(64)	-	47
Supporting people contract income	935	-	(1,411)	(476)
Community development	138	-	(677)	(539)
Care & repair	611	-	(705)	(94)
	<u>1,795</u>	<u>(64)</u>	<u>(2,793)</u>	<u>(1,062)</u>
Non-social housing activities				
Properties for outright sale	211	(100)	-	111
Commercial activities	2,322	-	(1,174)	1,148
Leasehold & market rent	559	-	(834)	(275)
Other (non-housing)	382	-	(2)	380
	<u>3,474</u>	<u>(100)</u>	<u>(2,010)</u>	<u>1,364</u>
	<u>37,033</u>	<u>(164)</u>	<u>(31,485)</u>	<u>5,384</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Turnover, cost of sales, operating costs and operating surplus (continued)

	Association 2012			
	Turnover £ '000	Cost of sales £ '000	Operating costs £ '000	Operating surplus £ '000
Social housing lettings	30,931	-	(24,536)	6,395
Other social housing activities				
Shared ownership first tranche sales	2,647	(1,887)	-	760
Supporting people contract income	1,386	-	(1,101)	285
Community development	147	-	(368)	(221)
Care & repair	482	-	(436)	46
	<u>4,662</u>	<u>(1,887)</u>	<u>(1,905)</u>	<u>870</u>
Non-social housing activities				
Properties for outright sale	621	(301)	-	320
Commercial activities	1,824	-	(1,568)	256
Leasehold & market rent	333	-	(864)	(531)
Gift aid received	-	-	-	-
Other (non-housing)	-	-	-	-
	<u>2,778</u>	<u>(301)</u>	<u>(2,432)</u>	<u>45</u>
	<u>38,371</u>	<u>(2,188)</u>	<u>(28,873)</u>	<u>7,310</u>
	Association 2011 Restated			
	Turnover £ '000	Cost of sales £ '000	Operating costs £ '000	Operating surplus £ '000
Social housing lettings	31,764	-	(26,682)	5,082
Other social housing activities				
Shared ownership first tranche sales	111	(64)	-	47
Supporting people contract income	935	-	(1,411)	(476)
Community development	138	-	(677)	(539)
Care & repair	611	-	(705)	(94)
	<u>1,795</u>	<u>(64)</u>	<u>(2,793)</u>	<u>(1,062)</u>
Non-social housing activities				
Properties for outright sale	211	(100)	-	111
Commercial activities	2,159	-	(1,110)	1,049
Leasehold & market rent	559	-	(834)	(275)
Gift aid received	185	-	-	185
Other (non-housing)	382	-	(8)	374
	<u>3,496</u>	<u>(100)</u>	<u>(1,952)</u>	<u>1,444</u>
	<u>37,055</u>	<u>(164)</u>	<u>(31,427)</u>	<u>5,464</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Turnover, cost of sales, operating costs and operating surplus (continued)

Particulars of income and expenditure from social housing lettings	General needs housing £'000	Supported housing for older £'000	Key worker housing £'000	Shared ownership £'000	Rent to homebuy £'000	2012 Total £'000	2011 Restated Total £'000
Group and Association							
Rent receivable net of identifiable service charges	18,043	2,463	4,319	860	280	25,965	25,379
Service income	1,072	1,240	257	159	37	2,765	2,473
Charges for support services	-	213	-	-	-	213	1,139
Net rental income	19,115	3,916	4,576	1,019	317	28,943	28,991
Other income	310	1,203	421	53	1	1,988	2,773
Turnover from social housing lettings	19,425	5,119	4,997	1,072	318	30,931	31,764
Management Services	(2,910)	(1,376)	(609)	(632)	(38)	(5,565)	(7,129)
Routine maintenance	(2,509)	(3,301)	(3,911)	(329)	(97)	(10,147)	(8,889)
Planned maintenance	(2,304)	(970)	(578)	(59)	(9)	(3,920)	(6,314)
Rent losses from bad debts	(1,286)	(256)	(62)	(30)	-	(1,634)	(1,201)
Depreciation of housing properties	(322)	(53)	(71)	-	-	(446)	(314)
	(2,721)	(103)	-	-	-	(2,824)	(2,835)
Operating costs on social housing lettings	(12,052)	(6,059)	(5,231)	(1,050)	(144)	(24,536)	(26,682)
Operating surplus/(deficit) on social housing lettings	7,373	(940)	(234)	22	174	6,395	5,082
Void losses	(313)	(65)	(355)	(5)	(40)	(778)	(628)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Turnover, cost of sales, operating costs and operating surplus on lettings (continued)

Particulars of income and expenditure from commercial property lettings

	Group		Association	
	2012	2011 Restated	2012	2011 Restated
	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	1,967	2,099	1,722	1,937
Service income	83	148	77	147
Net rental income	2,050	2,247	1,799	2,084
Other income	25	75	25	75
Turnover from commercial activities	2,075	2,322	1,824	2,159
Management	(338)	(240)	(323)	(188)
Services	(358)	(308)	(350)	(308)
Routine maintenance	(66)	(93)	(62)	(93)
Planned maintenance	(30)	(50)	(30)	(50)
Bad debts	(153)	(199)	(153)	(199)
Depreciation of commercial properties	(296)	(284)	(270)	(272)
Impairment of commercial properties	(380)	-	(380)	-
Total expenditure on commercial property lettings	(1,621)	(1,174)	(1,568)	(1,110)
Operating surplus on commercial property lettings	454	1,148	256	1,049
Void losses	(339)	(316)	(339)	(316)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Accommodation in management

At the end of the financial year accommodation in management for each class of accommodation was as follows:

	Group		Association	
	2012 No.	2011 No.	2012 No.	2011 No.
Social housing				
General needs housing	3,255	3,139	3,255	3,139
Supported housing and housing for older people	674	664	674	664
Shared ownership	302	256	302	256
Keyworker housing	804	574	804	574
Rent to homebuy	37	103	37	103
Residential care homes	35	35	35	35
Total managed	5,107	4,771	5,107	4,771
Non-social housing				
Commercial/ Right to buy/ Leasehold/ Market rented	517	649	510	642
Total owned and managed	5,624	5,420	5,617	5,413

The Group owns 66 supported housing units (2011: 86) that are managed on its behalf, under management agreements, by other bodies who contract with Supporting People Administering Authorities and carry the financial risk relating to the supported housing units.

4 Operating surplus

This is arrived at after charging:

	Group		Association	
	2012 £'000	2011 Restated £'000	2012 £'000	2011 Restated £'000
Depreciation of housing properties	2,824	2,460	2,824	2,460
Depreciation of commercial properties	296	284	270	272
Depreciation of other tangible fixed assets	672	496	672	496
Impairment	380	-	380	-
Operating lease rentals for office equipment and computers	75	64	75	64
Auditors' remuneration				
- for audit services	60	50	54	44
- for non-audit services	41	45	41	43

5 Surplus on sale of fixed assets – housing properties

	Group and Association	
	2012 £'000	2011 £'000
Disposal proceeds	10,154	4,910
Carrying value of fixed assets	(3,712)	(1,626)
	6,442	3,284

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Interest receivable and other income

	Group		Association	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Bank interest receivable	16	59	16	54
Sinking fund interest	-	1	-	1
Other interest receivable	-	-	432	61
	<u>16</u>	<u>60</u>	<u>448</u>	<u>116</u>

7 Interest payable and similar charges

	Group		Association	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Loans and bank overdrafts	9,061	9,096	9,061	8,827
RCGF interest	2	-	2	-
Sinking fund interest	-	2	-	2
Amortisation of financing costs	43	43	43	43
	<u>9,106</u>	<u>9,141</u>	<u>9,106</u>	<u>8,872</u>
Interest capitalised on housing properties under construction	(1,640)	(1,395)	(1,297)	(1,376)
	<u>7,466</u>	<u>7,746</u>	<u>7,809</u>	<u>7,496</u>
Capitalisation rate used to determine the finance costs capitalised during the period	<u>4.37%</u>	<u>4.86%</u>	<u>4.37%</u>	<u>4.86%</u>

Due to housing property development dating back many years, it has not been possible to determine the aggregate amount of capitalised interest included in the cost of fixed asset housing properties.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

8 Employees

Average monthly number of employees expressed in full time equivalents:

	<u>Group and Association</u>	
	2012	2011
	No.	No.
Administration	41	53
Development	10	12
Housing, support and care	170	165
	<u>221</u>	<u>230</u>

Employee costs:

	<u>Group and Association</u>	
	2012	2011
	£'000	£'000
Wages and salaries	7,431	7,581
Social security costs	700	688
Other pension costs	522	477
	<u>8,653</u>	<u>8,746</u>

The Association participates in the Social Housing Pension Scheme (SHPS). The Scheme is funded and is contracted out of the state 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 year ended 31 March 2011 under FRS17 represents the employer contributions payable. The Group operates a salary sacrifice scheme by which employees forego remuneration equivalent to the value of the pension contributions attributable to the employee. The Group then pays these contributions on behalf of the employee. Thus, the charge for the year ended 31 March 2012 under FRS 17 represents the total employer contributions payable.

The Trustee commissions an actuarial valuation of the Scheme every 3 years. The main purpose of the valuation is to determine the financial position of the Scheme in order to determine 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 70%

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 an decrease in the shortfall of assets compared to liabilities to approximately £497m, equivalent to a past service funding level of 80.0%.

The Scheme's 30 September 2011 valuation is currently in progress and will be finalised by 31 December 2012. Information provided up to the date these accounts were signed indicates that the market value of the Scheme's assets at 30 September 2011 was £2,062m and that the shortfall of assets compared with the value of liabilities increased to £1,035m equivalent to a past service funding level of 67%.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Board members and executive directors

Group and Association	Basic salary £ '000	Benefits in kind £ '000	Pension contr'ns £ '000	2012 Total £ '000	2011 Total £ '000
Aggregate emoluments	459	7	117	583	558

Except for the Chair who received £10,000 (2011: £10,000) and the Chief Executive, whose remuneration is detailed below, none of the Board members received emoluments. Expenses paid during the year to board members amount to £1,971 (2011: £524).

The emoluments of the highest paid director, the Chief Executive, excluding pension contributions, were £112,071 (2011: £110,965). The Chief Executive is a member of the Social Housing Pension Scheme. She is an ordinary member of the pension scheme and no enhanced or special terms apply. The Association does not make any further contribution to an individual pension arrangement for the Chief Executive.

Group and Association	Basic salary £ '000	Benefits in kind £ '000	Pension contr'ns £ '000	2012 Total £ '000	2011 Total £ '000
Aggregate emoluments of highest paid director	112	-	33	145	143

10 Tax on surplus on ordinary activities

Origin Properties Limited, Origin Finance Limited and Origin Housing Developments Limited are subject to corporation tax. Origin Housing Limited has Charitable Objects and is exempt from corporation tax on its charitable activities. However, during the Association incurred corporation tax on profits made from the sale of properties.

	Group		Association	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
United Kingdom Corporation Tax				
Current tax on income for the year	29	-	29	-
Adjustments in respect of prior periods	119	(2)	119	-
Current tax charge for the period	148	(2)	148	-
Deferred tax				
Origination and reversal of timing differences	-	46	-	46
	148	44	148	46

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Tax on surplus on ordinary activities (continued)

Factors affecting the tax charge for the period

	Group		Association	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Surplus/(deficit) for the year before taxation	7,525	1,229	6,391	1,610
Corporation tax at 26% (2011: 28%)	1,957	344	1,662	467
<i>Effects of:</i>				
Expenditure not deductible for tax purposes	15	2	-	-
Tax free profit/income	(1,581)	(424)	(1,581)	(440)
Tax charged at higher rate (2010: 28%)	-	-	-	-
Deduction for capitalised interest	-	(5)	-	-
Accelerated capital allowances	(52)	-	(52)	-
Other timing differences	-	-	-	-
Adjustments in respect of prior years	119	-	119	-
Qualifying charitable donations	(274)	52	-	-
Utilised trade losses	(34)	-	-	-
Losses carried forward	1	31	-	-
Group relief claimed	-	-	-	(27)
Marginal relief	(3)	-	-	-
	148	-	148	-

The Group had a deferred tax asset of £nil as at 31 March 2012 (2011: £nil) in relation to tax losses and accelerated capital allowances.

Deferred tax

	Group		Association	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Accelerated capital allowances	-	-	-	-
Other short term timing differences	-	-	-	-
Losses	-	-	-	-
	-	-	-	-
Movement in provision:				
Provision/ (asset) at start of period	-	(46)	-	-
Transfer of engagements	-	-	-	(46)
Deferred tax debit to Income & Expenditure account	-	46	-	46
	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Tangible fixed assets – housing properties

Group and Association	Social housing held for letting £'000	Non-social housing held for letting £'000	Social housing to let under construction £'000	Shared ownership completed £'000	Shared ownership under construction £'000	Total £'000
Cost						
At 1 April 2011	387,058	2,060	36,510	19,169	4,664	449,461
Reclassification	(79)	99	(3,434)	(20)	3,434	-
Rent to homebuy reclassification	(6,551)	-	-	6,551	-	-
Additions – new properties/ construction	-	23	26,947	2	8,497	35,469
Additions – works to existing properties	6,922	-	-	-	-	6,922
Schemes completed	39,462	-	(39,462)	6,308	(6,308)	-
Transfer to current assets	-	-	-	(146)	-	(146)
Disposals	(3,141)	-	-	(666)	-	(3,807)
At 31 March 2012	<u>423,671</u>	<u>2,182</u>	<u>20,561</u>	<u>31,198</u>	<u>10,287</u>	<u>487,899</u>
Accumulated depreciation and impairment						
At 1 April 2011 as previously stated	17,221	134	-	705	-	18,060
Prior period adjustment	2,231	-	-	-	-	2,231
As restated	<u>19,452</u>	<u>134</u>	<u>-</u>	<u>705</u>	<u>-</u>	<u>20,291</u>
Reclassification	(24)	-	-	24	-	-
Depreciation charge	2,692	14	-	118	-	2,824
Disposals	(6)	-	-	(6)	-	(12)
At 31 March 2012	<u>22,114</u>	<u>148</u>	<u>-</u>	<u>841</u>	<u>-</u>	<u>23,103</u>
Depreciated cost						
At 1 April 2011 restated	<u>367,606</u>	<u>1,926</u>	<u>36,510</u>	<u>18,464</u>	<u>4,664</u>	<u>429,170</u>
At 31 March 2012	<u>401,557</u>	<u>2,034</u>	<u>20,561</u>	<u>30,357</u>	<u>10,287</u>	<u>464,796</u>
Social Housing Grant						
At 1 April 2011	158,344	-	33,545	14,381	1,183	207,453
Reclassification	8,424	-	(5,697)	(4,212)	1,485	-
Rent to homebuy reclassification	(900)	-	-	900	-	-
Grant received	-	-	7,806	-	960	8,766
Recycled during the year	-	-	-	(263)	-	(263)
Schemes completed	23,305	-	(23,305)	2,440	(2,440)	-
Disposals	(60)	-	-	-	-	(60)
At 31 March 2012	<u>189,113</u>	<u>-</u>	<u>12,349</u>	<u>13,246</u>	<u>1,188</u>	<u>215,896</u>
Other Grants						
At 1 April 2011	3,293	-	-	-	-	3,293
Disposals	(24)	-	-	-	-	(24)
At 31 March 2012	<u>3,269</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,269</u>
Net book value						
At 1 April 2011 restated	<u>205,969</u>	<u>1,926</u>	<u>2,965</u>	<u>4,083</u>	<u>3,481</u>	<u>218,424</u>
At 31 March 2012	<u>209,175</u>	<u>2,034</u>	<u>8,212</u>	<u>17,111</u>	<u>9,099</u>	<u>245,631</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Tangible fixed assets – housing properties (continued)

The Association conducted a review of its properties in March 2012 to identify any which had suffered a permanent diminution in value to the extent that a provision for impairment was required. No impairment was charged in the year.

Expenditure on works to existing properties:

	<u>Group and Association</u>	
	2012	2011
	£ '000	Restated £ '000
Amounts capitalised	6,922	3,457
Amounts charged to income and expenditure account	1,634	1,201
Total expenditure on works to existing properties	<u>8,556</u>	<u>4,658</u>

Social housing and other grants

	<u>Group and Association</u>	
	2012	2011
	£ '000	£ '000
Total accumulated grants receivable at 31 March were:		
Social Housing Grant	215,896	207,453
Other grants	3,269	3,293
	<u>219,165</u>	<u>210,746</u>

No accumulated Social Housing Grant has been accounted for as revenue grant during this or the prior financial year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 Tangible fixed assets – commercial properties

	Group		Association	
	2012 £ '000	2011 £ '000	2012 £ '000	2011 £ '000
Cost or valuation				
At 1 April	29,774	26,484	26,355	24,806
Transfer of engagements	-	-	-	1,678
Transfer to other fixed assets	-	(259)	-	(259)
Additions	6	3,549	6	130
Revaluation	6,972	-	6,972	-
At 31 March	<u>36,752</u>	<u>29,774</u>	<u>33,333</u>	<u>26,355</u>
Accumulated depreciation and impairment				
At 1 April	392	381	384	232
Prior period adjustment	692	-	687	-
As restated	<u>1,084</u>	<u>381</u>	<u>1,071</u>	<u>232</u>
Transfer of engagements	-	-	-	149
Transfer to housing properties	-	(78)	-	(78)
Transfer to other fixed assets	-	(2)	-	(2)
Depreciation charged in the year	296	91	270	83
Impairment charged in the year	380	-	380	-
At 31 March	<u>1,760</u>	<u>392</u>	<u>1,721</u>	<u>384</u>
Net book value				
At 1 April as restated	<u>28,690</u>	<u>26,103</u>	<u>25,284</u>	<u>24,574</u>
At 31 March	<u>34,992</u>	<u>29,382</u>	<u>31,612</u>	<u>25,971</u>

The Association conducted a review of its properties in March 2012 for impairment. Impairment of £380k was charged (2011: nil) during the year following a full external valuation as at 31 March 2012. Details of valuations are disclosed in the accounting policies note (page 22). The historic cost of these properties is £8.4m.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Tangible fixed assets - other

Group and Association	Furniture, fixtures & fittings £'000	Computers & office equipm't £'000	Total £'000
Cost			
At 1 April 2011	2,785	5,615	8,400
Additions	254	738	992
Disposals	-	-	-
At 31 March 2012	<u>3,039</u>	<u>6,353</u>	<u>9,392</u>
Accumulated depreciation			
At 1 April 2011	1,792	4,494	6,286
Charged in year	149	523	672
Disposals	-	-	-
At 31 March 2012	<u>1,941</u>	<u>5,017</u>	<u>6,958</u>
Net book value			
At 1 April 2011	<u>993</u>	<u>1,121</u>	<u>2,114</u>
At 31 March 2012	<u>1,098</u>	<u>1,336</u>	<u>2,434</u>

14 Investment in subsidiaries

Association

	2012 £ '000	2011 £ '000
Investment in Origin Properties Limited	17,192	3,600
Investment in other subsidiaries	-	1
	<u>17,192</u>	<u>3,601</u>

The Association owns 1 ordinary £1 share in Origin Finance Limited (100% of issued share capital); 1 ordinary £1 share in Origin Housing Developments Limited; and 4 ordinary £1 shares (100% of issued share capital) in Origin Properties Limited. The 999 ordinary £1 shares (99.9% of issued share capital) in St Pancras Street Properties Limited were disposed of during the year on dissolution of the company.

The country of incorporation for all these companies was England and the activities of each entity are detailed in the Operating and Financial Review on pages 8 to 12.

As required by statute, the financial statements consolidate the results of Origin Finance Limited, Origin Properties Limited and Origin Housing Developments Limited which were members of the Group for the whole of the year. The Association has the right to appoint members to the boards of the Group members and thereby exercises control over them. Origin Housing Limited is the ultimate parent undertaking.

During the year the Association provided management services for Origin Finance Limited and Origin Properties Limited. It also provided further loans to Origin Properties Limited in the year bringing the total advanced to £17,192k.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Properties for sale

	Group		Association	
	2012 £ '000	2011 £ '000	2012 £ '000	2011 £ '000
Properties under construction	13,511	4,064	3,430	1,555
Completed properties	992	877	992	877
	<u>14,503</u>	<u>4,941</u>	<u>4,422</u>	<u>2,432</u>

16 Debtors

	Group		Association	
	2012 £ '000	2011 Restated £ '000	2012 £ '000	2011 Restated £ '000
Rent and service charges receivable	3,071	3,252	2,990	2,671
Provision for bad and doubtful debts	(1,133)	(1,194)	(1,133)	(1,194)
	<u>1,938</u>	<u>2,058</u>	<u>1,857</u>	<u>1,477</u>
Social Housing Grant receivable	978	3,087	978	3,087
Commercial rent and service charge arrears	674	953	674	953
Amounts due from group companies	-	-	364	2,942
Prepayments and accrued income	1,477	1,347	613	1,347
Other debtors	1,116	2,252	1,049	2,779
	<u>6,183</u>	<u>9,697</u>	<u>5,535</u>	<u>12,585</u>

17 Current asset investments

Group and Association	2012 £ '000	2011 £ '000
Investment Fund	<u>17</u>	<u>16</u>

Listed investments are carried at market value. The historic cost of the above investment is £14k.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 Creditors: amounts falling due within one year

	Group		Association	
	2012 £ '000	2011 £ '000	2012 £ '000	2011 £ '000
Debt (note 20)	4,573	1,396	4,604	1,427
Trade creditors	1,775	760	1,774	760
Grants received in advance	12	10	12	10
Amounts owed to group companies	-	-	105	44
Recycled capital grant fund (note 21)	73	73	73	73
Corporation tax	29	-	29	-
Other taxation and social security	238	347	238	337
Leaseholder sinking funds	528	389	528	389
Accrued interest	2,595	1,644	1,731	1,644
Capital accrual	3,685	4,874	3,442	4,874
Deferred income	70	1,076	70	1,021
Other creditors and accruals	5,164	4,763	5,157	4,758
	<u>18,742</u>	<u>15,332</u>	<u>17,763</u>	<u>15,337</u>

Social Housing Grants received in advance will be utilised against capital expenditure in the next financial year.

19 Creditors: amounts falling due after more than one year

	Group		Association	
	2012 £ '000	2011 £ '000	2012 £ '000	2011 £ '000
Loans (note 20)	208,574	181,492	208,574	181,492
Deferred financing costs (note 20)	(684)	(718)	(337)	(340)
Recycled capital grant fund (note 21)	538	168	538	168
	<u>208,428</u>	<u>180,942</u>	<u>208,775</u>	<u>181,320</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20 Debt

	Group		Association	
	2012 £ '000	2011 £ '000	2012 £ '000	2011 £ '000
Due within one year				
Bank overdraft	29	467	29	467
Bank loans	4,587	972	4,587	972
	<u>4,616</u>	<u>1,439</u>	<u>4,616</u>	<u>1,439</u>
Deferred financing costs	(43)	(43)	(12)	(12)
	<u>4,573</u>	<u>1,396</u>	<u>4,604</u>	<u>1,427</u>
Due after more than one year				
Bank loans	208,525	181,443	208,525	181,443
Other loans	49	49	49	49
	<u>208,574</u>	<u>181,492</u>	<u>208,574</u>	<u>181,492</u>
Deferred financing costs	(684)	(718)	(337)	(340)
	<u>207,890</u>	<u>180,774</u>	<u>208,237</u>	<u>181,152</u>
Between one and two years	3,731	4,199	3,731	4,199
Between two and five years	12,064	10,179	12,064	10,179
In five or more years	192,779	167,114	192,779	167,114
	<u>208,574</u>	<u>181,492</u>	<u>208,574</u>	<u>181,492</u>
Deferred financing costs	(684)	(718)	(337)	(340)
	<u>207,890</u>	<u>180,774</u>	<u>208,237</u>	<u>181,152</u>
Total debt				
Loans	213,190	182,931	213,190	182,931
Deferred financing costs	(727)	(761)	(349)	(352)
	<u>212,463</u>	<u>182,170</u>	<u>212,841</u>	<u>182,579</u>

The bank loans are secured by fixed charges on individual properties.

The bank and other loans are repaid at various times of the year. The interest rates are a mixture of fixed and variable rates, and range from 1.24% to 12.46% (2011: 0.97% to 12.46%).

The interest of 12.46% relates to £1.7m which is repayable in March 2039.

At 31 March 2012 the Group had undrawn loan facilities of £50.5m (2011: £82.2m) of which £27.4m (2011: £28.4m) has security in place.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21 Recycled capital grant fund

Group and Association	2012	2011
	£ '000	£ '000
At 1 April	241	672
Grants recycled	368	168
Interest accrued	2	-
Purchase/ development of properties	-	(599)
At 31 March	<u>611</u>	<u>241</u>
Disclosed as:		
Amounts falling due within one year (note 18)	73	73
Amounts falling due after more than one year (note 19)	538	168
	<u>611</u>	<u>241</u>
Amount due for repayment to the Homes and Communities Agency	<u>-</u>	<u>-</u>

22 Provisions for liabilities and charges

The group had no provisions for liabilities and charges at the balance sheet date (2011: £nil)

23 Non-equity share capital

The shares provide members with the right to vote at general meetings, but do not provide any rights to dividends or distributions on a winding up.

Association	2012	2011
	£	£
Shares of £1 each issued and fully paid		
At 1 April	56	60
Shares issued during the year	2	
Shares surrendered during the year	(5)	(4)
At 31 March	<u>53</u>	<u>56</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24 Reserves

Group	Revaluation reserve £ '000	Revenue reserve £ '000	Negative goodwill £ '000	Designated reserves £ '000	Total £ '000
At 1 April 2011 as previously stated	16,420	52,279	4,018	987	73,704
Prior year adjustment (note 33)	-	1,095	(4,018)	-	(2,923)
Restated	16,420	53,374	-	987	70,781
Surplus for the financial year	-	7,377	-	-	7,377
Transfers from/ (to) revenue reserve	-	(24)	-	24	-
Unrealised surplus on investments	1	-	-	-	1
Unrealised surplus on commercial properties	6,972	-	-	-	6,972
At 31 March 2012	23,393	60,727	-	1,011	85,131
Association	Revaluation reserve £ '000	Revenue reserve £ '000	Negative goodwill £ '000	Designated reserves £ '000	Total £ '000
At 1 April 2011 as previously stated	16,420	52,463	4,018	987	73,888
Prior year adjustment (note 33)	-	1,100	(4,018)	-	(2,918)
As restated	16,420	53,563	-	987	70,970
Surplus for the financial year	-	6,243	-	-	6,243
Transfers from/ (to) revenue reserve	-	(24)	-	24	-
Unrealised surplus on investments	1	-	-	-	1
Unrealised surplus on commercial properties	6,972	-	-	-	6,972
At 31 March 2012	23,393	59,782	-	1,011	84,186

There are three designated reserves one maintained for sheltered scheme commitments; one community fund (the John Toomey Heritage Fund) dedicated to supporting initiatives which promote the heritage of the organisation; and one gardening fund (Irene Barclay Garden Fund) for community gardening projects.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

25 Financial commitments

Capital expenditure commitments were as follows:

	<u>Group</u>		<u>Association</u>	
	2012 £ '000	2011 £ '000	2012 £ '000	2011 £ '000
Expenditure contracted for but not provided in the accounts	31,749	48,817	31,749	48,817
Expenditure authorised by the Board, but not contracted	12,005	9,880	12,005	9,880
	<u>43,754</u>	<u>58,697</u>	<u>43,754</u>	<u>58,697</u>

The above commitments will be financed primarily through borrowings and Social Housing Grant.

Commitments under operating leases were as follows:

Office equipment and computers

Group and Association	2012 £ '000	2011 £ '000
Operating leases which expire:		
- Within one year	11	15
- One to five years	57	43
	<u>68</u>	<u>58</u>

26 Contingent liabilities

The Group (and Association) had contingent liabilities of £54k in relation to ongoing disputes (2011: £110k).

27 Reconciliation of operating surplus to net cash flow from operating activities

Group	2012 £ '000	2011 Restated £ '000
Operating surplus	8,533	5,384
Depreciation of housing properties	3,120	2,744
Depreciation of other fixed assets	672	496
Impairment of housing properties	380	-
Revaluation of investments	(1)	(2)
	<u>12,704</u>	<u>8,622</u>
Working capital movements		
Properties for sale	(9,562)	(3,484)
Debtors	1,405	(2,017)
Creditors	1,391	1,140
Net cash inflow from operating activities	<u>5,938</u>	<u>4,261</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

28 Reconciliation of net cash flow to movement in net debt

	2012 £ '000	2011 £ '000
(Increase)/decrease in cash	(5,806)	13,758
Cash inflow from increase in debt	30,731	4,233
Increase in net debt from cash flows	<u>24,925</u>	<u>17,991</u>
Cash inflow from disposal of investments	-	-
Change in market value of investments	(1)	(2)
Total changes in net debt for the period	<u>24,924</u>	<u>17,989</u>
Net debt at 1 April 2011	178,981	160,992
Net debt at 31 March 2012	<u><u>203,905</u></u>	<u><u>178,981</u></u>

29 Analysis of net debt

	1 April 2011 £ '000	Cash flow £ '000	Non-cash movement £ '000	31 March 2012 £ '000
Cash at bank and in hand	3,173	5,368	-	8,541
Bank Overdraft	(467)	438	-	(29)
Changes in cash	<u>2,706</u>	<u>5,806</u>	<u>-</u>	<u>8,512</u>
Current asset investment	16	-	1	17
Loans	(181,703)	(30,731)	-	(212,434)
Changes in net debt	<u><u>178,981</u></u>	<u><u>(24,925)</u></u>	<u><u>1</u></u>	<u><u>(203,905)</u></u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

30 Financial assets and liabilities

Financial assets

Other than short-term debtors, financial assets held are cash deposits placed on money markets at call.

Group and Association	2012 £ '000	2011 £ '000
Sterling	17	16

Financial liabilities excluding trade creditors – interest rate risk profile

	2012 £ '000	2011 £ '000
Floating rate	46,556	36,296
Fixed rate	166,633	146,574
Total	213,189	182,870

The Association's financial liabilities are sterling denominated. After taking into account various interest rate swaps, the interest rate profile of the Group's financial liabilities at 31 March were:

The fixed rate financial liabilities have a weighted average interest rate of 5.34% (2011: 5.51%) and the average period for which it is fixed is 12 years (2011: 12 years).

The floating rate financial liabilities comprise bank loans and overdrafts that bear interest at rates based on the three-month LIBOR.

The debt maturity profile is shown in note 20.

Borrowing facilities

The Group has undrawn committed borrowing facilities. The undrawn facilities available at 31 March in respect of which all conditions precedent had been met were as follows:

	2012 £ '000	2011 £ '000
Expiring in more than two years	50,549	82,213

31 Related parties

The Association has taken advantage of the exemption conferred by Financial Reporting Standard 8, *Related Party Disclosures*, that allows it not to disclose transactions with Group undertakings that are eliminated on consolidation.

There was one tenant member of the Board during the year, Paulette Rose. Her tenancy is on normal commercial terms and she is not able to use her position to her advantage.

32 Legislative provisions

The Association is incorporated under the Industrial and Provident Societies Act 1965 and is a Registered Provider of Social Housing registered with the Homes and Communities Agency under the Housing and Regeneration Act 2008.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

33 Prior period adjustments

In accordance with the Statement of Recommended Practice – Accounting by registered social housing providers (Update 2010), Origin Housing Limited has adopted new accounting policies from 1 April 2011. A prior period adjustment has been required in respect of the following items:

- The adoption of component accounting has resulted in expensing the additional depreciation arising as a consequence of shorter component lives. This has resulted in a net prior period adjustment of £2,939k for the Group (Association £2,918k)
- Business combinations where there was a gifting of control are now accounted for as non-exchange transactions and the fair value of the assets and liabilities in the combining entity are treated as a gain or loss to the income and expenditure account. This has resulted in the transfer of the negative goodwill reserve to revenue reserves.

As a result, comparative figures for the year ended 31 March 2011 have been adjusted as follows:

Group	2011 Surplus for the year £ '000	2011 Reserves £ '000
As previously reported	1,185	73,704
Effect of the adoption of component accounting	(331)	(2,923)
Effect of the change of accounting for non-exchange transactions	84	-
As restated	938	70,781

Further analysis provided as:

	Housing Property Depreciation £ '000	Commercial Property Depreciation £ '000	Negative Goodwill / Loan Premium £ '000	Revenue Reserves £ '000
Balance at 31 March as previously stated	18,060	392	4,018	52,279
Prior period adjustments:				
Adoption of component accounting	2,231	692	-	(2,923)
Accounting for non-exchange transactions	-	-	(4,018)	4,018
Balance at 31 March 2011 as restated	20,291	1,084	-	53,374

Association	2011 Surplus for the year £ '000	2011 Reserves £ '000
As previously reported	1,564	73,888
Effect of the adoption of component accounting	(326)	(2,918)
Effect of the change of accounting for non-exchange transactions	84	-
As restated	1,322	70,970

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

33 Prior period adjustments (continued)

Further analysis provided as:

	Housing Property Depreciation £ '000	Commercial Property Depreciation £ '000	Negative Goodwill / Loan Premium £ '000	Revenue Reserves £ '000
Balance at 31 March as previously stated	18,060	384	4,018	52,463
Prior period adjustments:				
Adoption of component accounting	2,231	687	-	(2,918)
Accounting for non-exchange transactions	-	-	(4,018)	4,018
Balance at 31 March 2011 as restated	20,291	1,071	-	53,563

34 Post balance sheet events

There have been no material events arising after the balance sheet date.