
ORIGIN HOUSING LIMITED

ANNUAL ACCOUNTS

YEAR ENDED 31 MARCH 2013

CONTENTS	PAGE
BOARD MEMBERS, EXECUTIVE DIRECTORS, ADVISORS AND BANKERS	2
REPORT OF THE BOARD	3
OPERATING AND FINANCIAL REVIEW	8
STATEMENT OF RESPONSIBILITIES OF THE BOARD	14
INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ORIGIN HOUSING LIMITED	15
CONSOLIDATED INCOME AND EXPENDITURE ACCOUNT	16
ASSOCIATION INCOME AND EXPENDITURE ACCOUNT	17
STATEMENT OF TOTAL RECOGNISED SURPLUSES AND DEFICITS	18
RECONCILIATION OF MOVEMENTS IN GROUP'S AND ASSOCIATION'S FUNDS	18
CONSOLIDATED BALANCE SHEET	19
ASSOCIATION BALANCE SHEET	20
CONSOLIDATED CASH FLOW STATEMENT	21
NOTES TO THE FINANCIAL STATEMENTS	22

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 (resigned August 2012)
 David Fryman resigned November 2012)
 Dayna Byfield (appointed August 2012)
 Suzanne Davies
 Jolyon Griffiths
 Ed Barnes (appointed August 2012, resigned April 2013)

Chair of Audit, Risk & Scrutiny Committee Suzanne Davies

Chair of Remuneration Committee,
 Chair of Investment Committee Alison Lowton
 Mike De'Ath (resigned August 2012)
 Jolyon Griffiths (appointed August 2012)

Executive Directors

Chief Executive Karen Wilson
 Finance & ICS Director Chris Trebilcock
 Director of Development Gareth Jones
 Housing Services Director Manpreet Dillon
 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 & Hamlins
 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 2013.

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) and the provision of care and support services. '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 £4.2m (2012: £7.4m), at the year-end Group reserves amounted to £89.1m (2012: £85.1m).

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, 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 £88,847 (2012: £193,376) relating to 10 (2012: 25) 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 2. 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. An independent consultant conducts the appraisal of the Chair with input from the Board and Executive Directors. 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,	None	None
Phillip Dawson	None	Fraser Brown Mackenna Ltd,	Community Governor Walker Primary School, Trustee Southgate Cultural Fund, Trustee Parochial Church Council of Christ Church, Trustee & Chairman Entitled Talking Newspaper	Partner is a Councillor of LB Enfield
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, The Colour of Water Ltd, Bacchus Wine Closures Ltd, Sensitive Recordings Ltd, DRG Biofuels Ltd, HanDiMan (GB) Ltd, XIII Whittland Ltd, Calastone Ltd, Dolforgan Group Ltd (BVI), Heliogen Ltd, Regenesys Bionergy Ltd Origin Properties Limited Origin Housing Developments Limited	None	None
Alison Lowton	None	A J Lowton Ltd	Trustee Coram Childrens Legal Centre	None
Dayna Byfield	None	Mind Your own Business	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.

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 Scrutiny Panel and service specific panels. As at 31 March 2013 the Group had two tenant board members.

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
- Board review of strategic risks twice a year
- 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
- 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 22 August 2013 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 2, 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 22 August 2013 and signed on its behalf by:



C Waterer
Company Secretary

OPERATING AND FINANCIAL REVIEW

Background

Activities

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

Origin is a dynamic and diverse organisation that owns and manages over 5,800 homes, including:

- general needs and affordable housing for rent, for households who are unable to rent or buy at open market rates;
- sheltered retirement accommodation for the elderly
- 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.

The turnover for the year of £45.6m shows a rise from last year's figure of £43.1m. This is mainly due to greater number of social housing properties under management combined with increased rental income in accordance with HCA formula for rent increases.

External influences and the Operating Environment

It is clear that we are currently in a time of economic uncertainty, with instability within the Eurozone and the UK economy delivering little if any growth. The knock-on effects for Origin are primarily the impact this is having on public spending. The coalition government is pressing ahead with the cuts in Welfare expenditure and at the same time reforming the manner in which benefits are provided. Supporting People funding provided to local authorities is no longer ring fenced. We have experienced a 60% per home reduction in capital grants available to fund our development program. (Further cuts in public expenditure were announced by the Chancellor on 26th June together with a £3billion increase in funding for social housing). Increasing house prices in London and the South East are making it increasingly difficult for young people to be able to afford to get on the housing ladder. This is placing even greater demands on the social housing sector.

Impact on Origin

- Welfare Reform changes will only really start to have a major impact in 2013/14 with the possibility that arrears may increase as some residents suffer reduced benefits as a consequence of the introduction of under-occupancy rules. From 1 October 2013 benefits will be capped at a maximum of £26,000 p.a. per household. Direct payments to claimants rather than to landlords will be progressively introduced and by 2017 it will apply to all working age claimants. We are working to ensure that we are in as strong a position as possible to meet the impact and provide support where possible to our customers.
- Much of our rental income is regulated with annual increases being capped at RPI + 0.5%. A new affordable rent regime was introduced by the government which permitted rents to be charged at up to 80% of market rent on new and a limited number of existing social rented homes to compensate for the reduction of available capital grants. These regimes are only scheduled to continue until March 2015. The government has recently announced that from April 2015 social housing annual rent increases will be capped at CPI +1%. The increased certainty of future income streams is positive from Origin's perspective. The government is considering removing the ability of social landlords to increase rents by a further £2 per week to enable them to converge towards target rent over time. If this change is enacted it will have an adverse impact on Origin's future income streams. The government has further announced £3.3 billion of capital funding to deliver new affordable housing over the 3 years from April 2015. While this is welcome we anticipate that the amount of grant for each new home will be lower than current levels.
- Pressure on Care and Support activities with this income source declining by 25% following the loss of some contracts as a result of funding being withdrawn or reduced to uneconomic rates. Where new contracts have been won the value is significantly lower than those obtained in prior years reflecting reduced service provision.

OPERATING AND FINANCIAL REVIEW (CONTINUED)**Objectives and strategy**

The objectives and strategies are set out in a business plan which is reviewed annually and approved by the Board. The overarching goals are:

- Remain a strong, growing business focused on North London and Hertfordshire
- Make best use of our resources to provide more homes and services across a range of tenures and needs
- Grow and diversify our care and support services
- Provide high quality, sustainable homes that meet customers, needs and expectations
- Focus on services that really matter to our customers
- Undertake profit making activities to subsidize our charitable objectives
- Work in partnership to support our residents and their communities
- Recruit and retain talented people.

The Origin Housing Board believe that despite the uncertainty in the sector the association with a financially viable business plan is well placed to continue to develop more affordable homes sustaining growth while meeting decent homes standards and delivering the services to our tenants and customers they want and need.

Value for money (VFM)

VFM is a core part of Origin's business. It underpins our key business themes of 'positive people', 'great homes' and 'strong communities'. It forms one part of our values.

The overall aims of the three year VFM strategy approved by the Board are;

- develop a culture at all levels in the organisation where costs of resources are understood and efficiency gains are planned for and achieved
- involve residents in developing performance management systems and structures which demonstrate the relationship between the costs, quality and performance of services, and which help to drive improvements
- develop a strategy for maximising future returns on assets which meets with the organisation's objectives
- maintain a rigorous value for money approach to service reviews, including identifying alternative delivery models where possible, such as partnerships, mergers and/or contracting with third parties

To assess progress in delivering this strategy the Board agrees targets each year that are designed to manage development and deliver continuous service improvement.

Decision making approach aligned to business objectives

Origin's VFM framework comprises a number of elements to enable robust decision making and planning in this area:

- The Board hold overall responsibility for delivering VFM, including the setting of the five year business plan and the financial model on which it is based, as well as satisfying itself of the integrity of financial information and the approval of annual accounts
- An annual Board strategic review, in which the commitment to and track record on VFM is reviewed
- A Board Investment Committee which is responsible for decisions regarding financing arrangements and investment decisions.
- The Audit, Risk and Scrutiny Committee which meets at least three times a year, whose work encompasses reviewing internal audit reports that highlight operational performance
- The Executive review operational performance and delivery including value for money elements on a monthly basis
- The Executive Investment Panel whose role is to consider and approve investment options and make recommendations to the Board and/or the Investment Committee.
- The Residents Scrutiny Panel selects areas of particular significance to residents to investigate in terms of VFM and reports back to residents annually

OPERATING AND FINANCIAL REVIEW (CONTINUED)Assessing the VFM of assets

In 2012/13 Origin developed an asset management matrix to guide and support decisions on the future use of its property asset base. The matrix assesses the viability of stock using the net present value method and creates a profile score incorporating income history, physical condition and socio-economic factors to establish a 'value' to guide decisions on reinvestment, management improvements, alternative uses or potential disposal.

Performance management of VFM

Origin uses a software tool called V3a to set and monitor individual service areas on quality, cost and performance.

Procurement and Project Management

Origin also identifies a number of projects every year designed either to directly reduce costs or to improve performance and customer satisfaction while maintaining operational costs at their current level, for example the introduction of a customer management system and the welfare reform project.

In 2012/13 Origin made significant inroads into controlling costs, through a combination of procurement and project management activities, by the end of 2012/13 saving £444k for the full year in addition to the cumulative effect of savings emanating from prior years as a result of its Procurement programme. The main savings encompass business rates, utilities, gas boiler replacements and gas servicing.

VFM Performance

Progress against the key targets set by the Board is set out below

	Position at end of 2010/11	Position at end of 2011/12	Position at end of 2012/13	Target 2012/13
Total £ operating cost per property	£5,588	£5,270	£4,994	£5,555
Total overheads costs as a % of operating costs	22.7%	19.4%	21.2%	20.1%
Percentage overall satisfaction with landlord services	69.7%	77.1%	77.5%	75.0%
Average time in days to re-let empty properties	53	42	22	27
Current tenant arrears as a percentage of rent due (excluding voids)	6.06%	7.34%	5.2%	5.0%

The overall picture is thus one of steady improvement. Further financial performance measures are provided under the review of the financial position below.

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 2013:

It is the aim of Origin to improve its 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 and the development of new homes.

Origin is pleased to report an operating surplus before taxation of £11.5m (2012: £8.5m) which together with our surplus on the sale of fixed assets of £1.2m (2012: £6.4m) contributed to the year-end reserves of £89.1m (2012: £85.1m).

OPERATING AND FINANCIAL REVIEW (CONTINUED)

Some significant financial performance measures are provided in the table below:

	2011	2012	2013
Profitability (operating surplus as a % of turnover)	15.0%	19.8%	25.2%
Rent Loss as % of rent and service charge	3.0%	3.6%	3.2%
Social rent arrears as % of rent and service charge	5.6%	6.8%	5.2%
Interest cover (operating surplus excluding depreciation divided by interest payable)	1.0	1.5	1.8
Liquidity (current assets divided by current liabilities)	1.2	1.6	1.9
Gearing (total debt as a % of gross historic cost of housing properties)	40.5%	43.5%	46.0%
Total reserves per home owned	£13,059	£15,137	£15,262
Management cost per home (social housing only)	£1,505	£1,090	£1,122
Total repair cost per home (social housing only)	£2,300	£2,174	£1,802

Origin's operating margin has increased consistently over the three year period due to higher rental income, improved cost control and increased private sale and shared ownership activity while the increase in rent loss from void properties and rent arrears experienced in 2011/12 has been reversed. Liquidity continues to improve while interest cover and gearing remain healthy.

Origin has achieved improvements in repair cost per property with a switch in profile from responsive maintenance to lower cost planned maintenance and efficiencies in management costs. Although management costs per unit increased by 2.9% from 2011/12 this is a decrease in real terms, given the Retail Prices Index rise of 3.3% for the year to March 2013.

Turnover from social housing lettings has increased from 2012 (2013: £32.3m ; 2012: £29.3m as shown in Note 2) with a 4% growth in social housing units under management combined with rent increases applied in line with the HCA formula generating an increase of 3.1%.

Cash inflows and outflows during the year are shown in the consolidated cash flow statement on page 21.

The net cash inflow from operating activities was £18.4m (2012: £5.9m).

Accounting policies

Origin's accounting policies are set out on pages 22 to 24. 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 accounts also reflect the Housing and Communities Agency's 'Accounting Direction for Social Housing in England from April 2012'. Prior years have been restated for comparative purposes.

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 the Audit, Risk & Scrutiny Committee, Investment Committee and Remuneration Committee.

OPERATING AND FINANCIAL REVIEW (CONTINUED)**Housing properties**

At 31 March 2013 Origin owned and managed 5,840 housing properties. This shows an increase on the 2012 figure (5,624), with increases in tenures other than Rent to Homebuy, supported housing and housing for older people 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 £268.9m (2012: £245.6m).

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 £282.8m. Since the year end a further facility of £24m has been negotiated. During the year it drew down a net £27.2m to develop general needs, intermediate rent and shared ownership units, bringing the total borrowings to £239.7m (further details on the terms and repayment dates can be found in note 20). With capital commitments contracted for of £30.1m at 31 March 2013 our undrawn facilities exceed our contracted requirements.

The gearing covenants that apply to certain existing loan facilities would constrain Origin's ability to maintain a sustainable development program for an extended period at current reduced levels of capital grant funding. We have been able to renegotiate some of these covenants at an affordable price and negotiations with other lenders are ongoing. Should these negotiations be unsuccessful we have created a new wholly owned subsidiary housing association, Origin Housing 2 Limited and 510 social housing properties will be sold by Origin Housing Limited to the new association and these will be used as security to raise bond finance via a private placement. This debt would sit outside pre-existing restrictive loan covenants thus enabling Origin to maintain its development program at current levels.

Treasury management is reviewed at least every six months by the Investment Committee 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.

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' and 'The Accounting Direction for Social Housing in England from April 2012' published by the Homes and Communities Agency.

TABLE 1 – THREE-YEAR SUMMARY

For the year ended 31 March	2013	2012	2011
	£'000	£'000	£'000
Group Income and Expenditure Account			
Turnover	45,620	43,102	37,033
Cost of sales	(5,946)	(5,649)	(164)
Operating costs	<u>(28,180)</u>	<u>(28,920)</u>	<u>(31,485)</u>
Operating surplus	<u>11,494</u>	<u>8,533</u>	<u>5,384</u>
Surplus for the financial period	<u>4,150</u>	<u>7,377</u>	<u>938</u>
Group Balance Sheet			
Housing properties, net of depreciation	499,568	484,796	429,170
SHG and other capital grants	<u>(230,647)</u>	<u>(219,165)</u>	<u>(210,746)</u>
Housing properties net of grants	268,921	245,631	218,424
Other tangible fixed assets at cost or valuation	<u>37,016</u>	<u>37,426</u>	<u>30,804</u>
Tangible fixed assets	305,937	283,057	249,228
Net current assets	<u>15,164</u>	<u>10,502</u>	<u>2,495</u>
Total assets less current liabilities	<u>321,101</u>	<u>293,559</u>	<u>251,723</u>
Creditors: Amounts falling due after more than one year	231,990	208,428	180,942
Revaluation reserve	23,223	23,393	16,420
Revenue reserve	64,870	60,727	53,374
Designated reserves	<u>1,018</u>	<u>1,011</u>	<u>987</u>
Reserves	89,111	85,131	70,781
	<u>321,101</u>	<u>293,559</u>	<u>251,723</u>
Housing stock - Social	5,309	5,107	4,771
Housing stock - Non-Social	<u>531</u>	<u>517</u>	<u>649</u>
Total	<u>5,840</u>	<u>5,624</u>	<u>5,420</u>

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 housing providers (Update 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 Direction for Private Registered Providers of Social Housing 2012. 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 social 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 2013 which comprise the consolidated and association income and expenditure accounts, consolidated and association 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 Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and parent association's affairs as at 31 March 2013 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 Direction for Private Registered Providers of Social Housing 2012 .

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where 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

BDO LLP, statutory auditor
Gatwick, West Sussex
United Kingdom

Date: 27 August 2013

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 2013

		2013	2012
	Note	£'000	£'000
Turnover	2	45,620	43,102
Cost of sales	2	(5,946)	(5,649)
Operating costs	2	(28,180)	(28,920)
Operating surplus	2	11,494	8,533
Surplus on sale of fixed assets – housing properties	5	1,247	6,442
Interest receivable and other income	6	15	16
Interest payable and similar charges	7	(8,570)	(7,466)
Surplus on ordinary activities before taxation		4,186	7,525
Tax on surplus on ordinary activities	10	(36)	(148)
Surplus for the financial period	24	4,150	7,377

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.

ASSOCIATION INCOME AND EXPENDITURE ACCOUNT

For the year ended 31 March 2013

		2013	2012
	Note	£'000	£'000
Turnover	2	45,507	38,371
Cost of sales	2	(5,032)	(2,188)
Operating costs	2	(28,144)	(28,873)
Operating surplus	2	<u>12,331</u>	<u>7,310</u>
Surplus on sale of fixed assets – housing properties	5	1,247	6,442
Interest receivable and other income	6	553	448
Interest payable and similar charges	7	(9,011)	(7,809)
Surplus on ordinary activities before taxation		<u>5,120</u>	<u>6,391</u>
Tax on surplus on ordinary activities	10	(36)	(148)
Surplus for the financial period	24	<u><u>5,084</u></u>	<u><u>6,243</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 2013

	Note	Group		Association	
		2013	2012	2013	2012
		£'000	£'000	£'000	£'000
Surplus for the financial year		4,150	7,377	5,084	6,243
Unrealised surplus on revaluation of investments	24	1	1	1	1
Unrealised (deficit)/surplus on revaluation of commercial properties	24	(171)	6,972	(171)	6,972
Total recognised surpluses/(deficits) for the year		3,980	14,350	4,914	13,216
Prior period adjustment		-	(2,923)	-	(2,918)
Total recognised surpluses/(deficits) since the last financial statements		3,980	11,427	4,914	10,298

The 2012 prior year adjustment was in respect of the first time adoption of SORP 2010 which introduced a change in accounting policy for component accounting.

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

For the year ended 31 March 2013

	Group		Association	
	2013	2012	2013	2012
	£'000	£'000	£'000	£'000
At 1 April as previously stated	85,131	73,704	84,186	73,888
Prior period adjustment	-	(2,923)	-	(2,918)
At 1 April as restated	85,131	70,781	84,186	70,970
Total recognised surpluses/(deficits) relating to the year	3,980	14,350	4,914	13,216
At 31 March	89,111	85,131	89,100	84,186

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

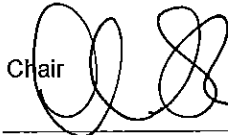
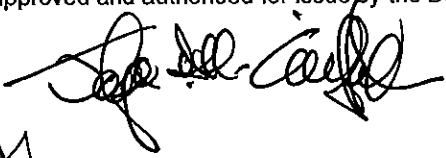

CONSOLIDATED BALANCE SHEET

As at 31 March 2013

	Note	31 March 2013 £'000	31 March 2012 £'000
Tangible fixed assets			
Housing properties at depreciated cost	11	499,568	464,796
Social Housing Grant	11	(227,378)	(215,896)
Other capital grants	11	(3,269)	(3,269)
		<u>268,921</u>	<u>245,631</u>
Commercial properties at cost or valuation	12	34,564	34,992
Other tangible fixed assets at depreciated cost	13	2,452	2,434
		<u>305,937</u>	<u>283,057</u>
Investments			
Homebuy loans		2,641	2,676
Social Housing Grant		(2,641)	(2,676)
		<u>-</u>	<u>-</u>
Current assets			
Properties for sale	15	11,452	14,503
Debtors	16	9,091	6,183
Deferred tax assets	10	-	-
Investments	17	-	17
Cash at bank and in hand		16,249	8,541
		<u>36,792</u>	<u>29,244</u>
Creditors: amounts falling due within one year	18	<u>(21,628)</u>	<u>(18,742)</u>
Net current assets		<u>15,164</u>	<u>10,502</u>
Total assets less current liabilities		<u>321,101</u>	<u>293,559</u>
Creditors: amounts falling due after more than one year	19	231,990	208,428
 Capital and reserves			
Non-equity share capital	23	-	-
Revaluation reserve	24	23,223	23,393
Revenue reserve	24	64,870	60,727
Designated reserve	24	1,018	1,011
	24	<u>89,111</u>	<u>85,131</u>
		<u>321,101</u>	<u>293,559</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 22 August 2013 and signed on its behalf by:

Chair Board Member Secretary

ASSOCIATION BALANCE SHEET

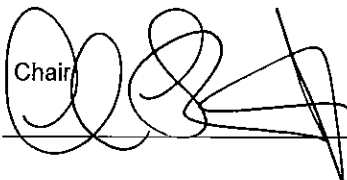
As at 31 March 2013

	Note	31 March 2013 £'000	31 March 2012 £'000
Tangible fixed assets			
Housing properties at depreciated cost	11	493,690	464,796
Social Housing Grant	11	(227,378)	(215,896)
Other capital grants	11	(3,269)	(3,269)
		<u>263,043</u>	<u>245,631</u>
Commercial properties at valuation	12	31,210	31,612
Other tangible fixed assets at depreciated cost	13	2,452	2,434
		<u>296,705</u>	<u>279,677</u>
Investments			
Homebuy loans		2,641	2,676
Social Housing Grant		(2,641)	(2,676)
Investment in subsidiaries and associated undertakings	14	17,103	17,192
		<u>17,103</u>	<u>17,192</u>
Current assets			
Properties for sale	15	2,916	4,422
Debtors	16	9,195	5,535
Deferred tax assets	10	-	-
Investments	17	-	17
Cash at bank and in hand		15,966	3,881
		<u>28,077</u>	<u>13,855</u>
Creditors: amounts falling due within one year	18	(20,472)	(17,763)
Net current assets/ (liabilities)		<u>7,605</u>	<u>(3,908)</u>
Total assets less current liabilities		<u>321,413</u>	<u>292,961</u>
Creditors: amounts falling due after more than one year	19	232,313	208,775
Capital and reserves			
Non-equity share capital	23	-	-
Revaluation reserve	24	23,223	23,393
Revenue reserve	24	64,859	59,782
Designated reserve	24	1,018	1,011
	24	<u>89,100</u>	<u>84,186</u>
		<u>321,413</u>	<u>292,961</u>

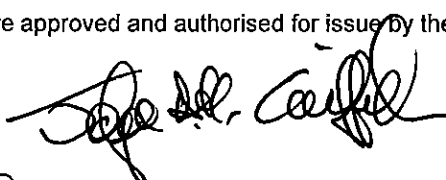
The notes on pages 22 to 47 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 22 August 2013 and signed on its behalf by:

Chair



Board Member



Secretary



CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 March 2013

	Note	2013 £'000	2012 Restated £'000
Net cash inflow from operating activities	27	18,439	5,938
Returns on investments and servicing of finance			
Interest received		15	16
Interest paid		(9,863)	(9,106)
Proceeds from the sale of investments		18	-
Net cash outflow from returns on investments and servicing of finance		(9,830)	(9,090)
Corporation tax paid		(65)	(119)
Capital expenditure			
Proceeds from sale of housing properties	5	1,621	10,154
Payments to acquire and develop housing properties		(37,119)	(41,794)
Capital grants received		8,319	10,984
Capital grants paid		-	-
Payments to acquire commercial properties		(37)	(6)
Payments to acquire other fixed assets		(821)	(992)
		(28,037)	(21,654)
Net cash outflow before financing		(19,493)	(24,925)
Financing			
Loans received		27,062	36,176
Loans repaid		(639)	(5,445)
	29	26,423	30,731
Increase/(decrease) in cash	28	6,930	5,806

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 Direction for Private Registered Providers of Social Housing 2012.

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, from these dates the schemes were closed to new members. 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'. The Board believe that the market value at 31 March 2013 is not materially different to the 31 March 2012 valuation.

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	4-7 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 2013			
	Turnover £ '000	Cost of sales £ '000	Operating costs £ '000	Operating surplus £ '000
Social housing lettings	32,335	-	(24,712)	7,623
Other social housing activities				
Shared ownership first tranche sales	6,911	(5,032)	-	1,879
Supporting people contract income	839	-	(793)	46
Community development	54	-	(289)	(235)
Care & repair	514	-	(417)	97
Charges for support services	199	-	-	199
	<u>8,517</u>	<u>(5,032)</u>	<u>(1,499)</u>	<u>1,986</u>
Non-social housing activities				
Properties for outright sale	986	(914)	-	72
Commercial activities	1,994	-	(1,284)	710
Leasehold & market rent	388	-	(685)	(297)
Other (non-housing)	1,400	-	-	1,400
	<u>4,768</u>	<u>(914)</u>	<u>(1,969)</u>	<u>1,885</u>
	<u>45,620</u>	<u>(5,946)</u>	<u>(28,180)</u>	<u>11,494</u>
	Group 2012 restated			
	Turnover £ '000	Cost of sales £ '000	Operating costs £ '000	Operating surplus £ '000
Social housing lettings	29,252	-	(24,536)	4,716
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
Charges for support services	213	-	-	213
	<u>4,875</u>	<u>(1,887)</u>	<u>(1,905)</u>	<u>1,083</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)
Other (non-housing)	1,466	-	-	1,466
	<u>8,975</u>	<u>(3,762)</u>	<u>(2,479)</u>	<u>2,734</u>
	<u>43,102</u>	<u>(5,649)</u>	<u>(28,920)</u>	<u>8,533</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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

	Association 2013			
	Turnover £ '000	Cost of sales £ '000	Operating costs £ '000	Operating surplus £ '000
Social housing lettings	32,335	-	(24,712)	7,623
Other social housing activities				
Shared ownership first tranche sales	6,911	(5,032)	-	1,879
Supporting people contract income	839	-	(793)	46
Community development	54	-	(289)	(235)
Care & repair	514	-	(417)	97
Charges for support services	199	-	-	199
	<u>8,517</u>	<u>(5,032)</u>	<u>(1,499)</u>	<u>1,986</u>
Non-social housing activities				
Properties for outright sale	-	-	-	-
Commercial activities	1,749	-	(1,239)	510
Leasehold & market rent	388	-	(694)	(306)
Gift aid received	1,118	-	-	1,118
Other (non-housing)	1,400	-	-	1,400
	<u>4,655</u>	<u>-</u>	<u>(1,933)</u>	<u>2,722</u>
	<u>45,507</u>	<u>(5,032)</u>	<u>(28,144)</u>	<u>12,331</u>
	Association 2012 restated			
	Turnover £ '000	Cost of sales £ '000	Operating costs £ '000	Operating surplus £ '000
Social housing lettings	29,252	-	(24,536)	4,716
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
Charges for support services	213	-	-	213
	<u>4,875</u>	<u>(1,887)</u>	<u>(1,905)</u>	<u>1,083</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)	1,466	-	-	1,466
	<u>4,244</u>	<u>(301)</u>	<u>(2,432)</u>	<u>1,511</u>
	<u>38,371</u>	<u>(2,188)</u>	<u>(28,873)</u>	<u>7,310</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Turnover, cost of sales, operating costs and operating surplus (continued)		General needs housing £'000	Supported housing for older £'000	Key worker housing £'000	Shared ownership £'000	2013 Total £'000	2012 Total restated £'000
Particulars of income and expenditure from social housing lettings							
Group and Association							
Rent receivable net of identifiable service charges		19,757	2,611	5,253	1,161	28,782	25,965
Service charge income		1,280	1,139	363	242	3,024	2,765
Net rental income		21,037	3,750	5,616	1,403	31,806	28,730
Other income		-	529	-	-	529	522
Turnover from social housing lettings		21,037	4,279	5,616	1,403	32,335	29,252
Management		(3,787)	(1,034)	(659)	(461)	(5,941)	(5,565)
Service charge costs		(1,499)	(893)	(1,382)	(260)	(4,034)	(5,440)
Other cost		(2,845)	(1,538)	(1,081)	-	(5,464)	(4,707)
Routine maintenance		(2,047)	(420)	(375)	-	(2,842)	(3,920)
Planned maintenance		(1,858)	(519)	(279)	-	(2,656)	(1,634)
Rent losses from bad debts		(288)	-	(3)	-	(291)	(446)
Depreciation of housing properties		(2,758)	(55)	(524)	(147)	(3,484)	(2,824)
Operating costs on social housing lettings		(15,082)	(4,459)	(4,303)	(868)	(24,712)	(24,536)
Operating surplus/(deficit) on social housing lettings		5,955	(180)	1,313	535	7,623	4,716
Void losses		(54)	(96)	(722)	-	(872)	(778)

2012 comparatives have been restated as a result of the introduction of the Accounting Direction for Social Housing 2012

Depreciation of housing properties excludes lift depreciation of £33k, which is included in service charge costs.

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	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Rent receivable net of identifiable service charges	1,862	1,967	1,629	1,722
Service charge income	121	83	109	77
Net rental income	1,983	2,050	1,738	1,799
Other income	11	25	11	25
Turnover from commercial activities	1,994	2,075	1,749	1,824
Management	(251)	(338)	(239)	(323)
Service charge costs	(296)	(358)	(295)	(350)
Other costs	(199)	-	(199)	-
Routine maintenance	(61)	(66)	(55)	(62)
Planned maintenance	(4)	(30)	(4)	(30)
Bad debts	(179)	(153)	(179)	(153)
Depreciation of commercial properties	(294)	(296)	(268)	(270)
Impairment of commercial properties	-	(380)	-	(380)
Total expenditure on commercial property lettings	(1,284)	(1,621)	(1,239)	(1,568)
Operating surplus on commercial property lettings	710	454	510	256
Void losses	(197)	(339)	(197)	(339)

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	
	2013 No.	2012 No.	2013 No.	2012 No.
Social housing				
General needs housing				
Social	3,244	3,229	3,244	3,229
Affordable	99	26	99	26
Supported housing and housing for older people	651	674	651	674
Shared ownership	355	302	355	302
Keyworker housing	891	804	891	804
Rent to homebuy	34	37	34	37
Residential care homes	35	35	35	35
Total managed	5,309	5,107	5,309	5,107
Non-social housing				
Commercial/Right to buy/Leasehold/Market rented				
	531	517	524	510
Total owned and managed	5,840	5,624	5,833	5,617

The Group owns 57 supported housing units (2012: 66) 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	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Depreciation of housing properties	3,531	2,824	3,531	2,824
Depreciation of commercial properties	294	296	268	270
Depreciation of other tangible fixed assets	803	672	803	672
Impairment	-	380	-	380
Operating lease rentals for office equipment and computers	59	75	59	75
Auditors' remuneration				
- for audit services	41	60	35	44
- for non-audit services	36	41	36	34

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

5 Surplus on sale of fixed assets – housing properties

	<u>Group and Association</u>	
	2013 £'000	2012 £'000
Disposal proceeds	1,621	10,154
Carrying value of fixed assets	(374)	(3,712)
	<u>1,247</u>	<u>6,442</u>

6 Interest receivable and other income

	<u>Group</u>		<u>Association</u>	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Bank interest receivable	15	16	15	16
Other interest receivable	-	-	538	432
	<u>15</u>	<u>16</u>	<u>553</u>	<u>448</u>

7 Interest payable and similar charges

	<u>Group</u>		<u>Association</u>	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Loans and bank overdrafts	9,771	9,061	9,771	9,061
RCGF interest	-	2	-	2
Amortisation of financing costs	92	43	92	43
	<u>9,863</u>	<u>9,106</u>	<u>9,863</u>	<u>9,106</u>
Interest capitalised on housing properties under construction	(1,293)	(1,640)	(852)	(1,297)
	<u>8,570</u>	<u>7,466</u>	<u>9,011</u>	<u>7,809</u>
Capitalisation rate used to determine the finance costs capitalised during the period	<u>4.34%</u>	<u>4.37%</u>	<u>4.34%</u>	<u>4.37%</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>	
	2013 No.	2012 No.
Administration	45	41
Development	10	10
Housing, support and care	179	170
	<u>234</u>	<u>221</u>

Full time equivalents are calculated based on a standard working week of 37 hours.

Employee costs:

	<u>Group and Association</u>	
	2013 £'000	2012 £'000
Wages and salaries	7,338	7,431
Social security costs	692	700
Other pension costs	587	522
	<u>8,617</u>	<u>8,653</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 2013 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 2013 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 2011 by a professionally qualified actuary using the Projected Unit Method. The market value of the Scheme's assets at the valuation date was £2,062m. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035m, equivalent to a past service funding level of 67.0%

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2012. 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 £2,327m and indicated an increase in the shortfall of assets compared to liabilities to approximately £1,241m, equivalent to a past service funding level of 65.0%. As a result of this deficit Origin Housing has agreed to pay additional amounts of £9,404 per annum, for 10 years, the additional 'deficit contributions' payable will be increased by 3% each year in April.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

9 Board members, executive directors and senior staff emoluments

Group and Association	Basic salary £ '000	Benefits in kind £ '000	Pension contr'ns £ '000	2013 Total £ '000	2012 Total £ '000
Aggregate emoluments	462	2	117	581	583

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 £514 (2012: £1,971).

The emoluments of the highest paid director, the Chief Executive, excluding pension contributions, were £114,007 (2012: £112,071). 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	2013 Total £ '000	2012 Total £ '000
Aggregate emoluments of highest paid director	114	-	33	147	145

The full time equivalent number of staff whose remuneration was greater than £60,000 in bands of £10,000 is below:

<u>Group and Association</u>	
	2013 No.
£60,000 to £70,000	6
£80,001 to £90,000	1
£90,001 to £100,000	2
£110,001 to £120,000	1
	<u>10</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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 2012, the Association incurred corporation tax on profits made from the sale of properties.

	Group		Association	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
United Kingdom Corporation Tax				
Current tax on income for the year	-	29	-	29
Adjustments in respect of prior periods	36	119	36	119
Current tax charge for the period	<u>36</u>	<u>148</u>	<u>36</u>	<u>148</u>
Deferred tax				
Origination and reversal of timing differences	-	-	-	-
	<u>36</u>	<u>148</u>	<u>36</u>	<u>148</u>

Factors affecting the tax charge for the period

	Group		Association	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Surplus for the year before taxation	<u>4,186</u>	<u>7,525</u>	<u>5,120</u>	<u>6,391</u>
Corporation tax at 24% (2012: 26%)	1,004	1,957	1,229	1,662
<i>Effects of:</i>				
Expenditure not deductible for tax purposes	-	15	-	-
Income from exempt activities	(1,229)	(1,581)	(1,229)	(1,581)
Depreciation in excess of capital allowances	6	-	-	-
Accelerated capital allowances	-	(52)	-	(52)
Utilisation of losses	(17)	(34)	-	-
Adjustments in respect of prior years	36	119	36	119
Qualifying charitable donations	236	(274)	-	-
Losses carried forward	-	1	-	-
Marginal relief	-	(3)	-	-
	<u>36</u>	<u>148</u>	<u>36</u>	<u>148</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Tax on surplus on ordinary activities (continued)

The Group had a deferred tax asset of £nil as at 31 March 2013 (2012: £nil) in relation to tax losses and accelerated capital allowances.

Deferred tax

	Group		Association	
	2013 £'000	2012 £'000	2013 £'000	2012 £'000
Accelerated capital allowances	-	-	-	-
Other short term timing differences	-	-	-	-
Losses	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
Movement in provision:				
Provision/ (asset) at start of period	-	-	-	-
Transfer of engagements	-	-	-	-
Deferred tax debit to Income & Expenditure account	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Tangible fixed assets – housing properties

Group	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 2012	423,671	2,182	20,561	31,198	10,287	487,899
Additions – new properties/ construction	491	-	21,914	-	6,121	28,526
Additions – works to existing properties	8,798	-	-	22	-	8,820
Schemes completed	29,322	-	(29,322)	12,037	(12,037)	-
Transfer from/(to) current assets	-	-	-	(542)	1,838	1,296
Disposals	(86)	-	-	(269)	-	(355)
At 31 March 2013	<u>462,196</u>	<u>2,182</u>	<u>13,153</u>	<u>42,446</u>	<u>6,209</u>	<u>526,186</u>
Accumulated depreciation and impairment						
At 1 April 2012	22,114	148	-	841	-	23,103
Depreciation charge	3,370	14	-	147	-	3,531
Disposals	(12)	-	-	(4)	-	(16)
At 31 March 2012	<u>25,472</u>	<u>162</u>	<u>-</u>	<u>984</u>	<u>-</u>	<u>26,618</u>
Depreciated cost						
At 1 April 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>
At 31 March 2013	<u>436,724</u>	<u>2,020</u>	<u>13,153</u>	<u>41,462</u>	<u>6,209</u>	<u>499,568</u>
Social Housing Grant						
At 1 April 2012	189,113	-	12,349	13,246	1,188	215,896
Reclassification	-	-	(683)	-	683	-
Grant received	-	-	9,268	-	2,245	11,513
Recycled during the year	-	-	73	(104)	-	(31)
Schemes completed	16,000	-	(16,000)	2,920	(2,920)	-
Disposals	-	-	-	-	-	-
At 31 March 2013	<u>205,113</u>	<u>-</u>	<u>5,007</u>	<u>16,062</u>	<u>1,196</u>	<u>227,378</u>
Other Grants						
At 1 April 2012	3,269	-	-	-	-	3,269
Disposals	-	-	-	-	-	-
At 31 March 2013	<u>3,269</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,269</u>
Net book value						
At 1 April 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>
At 31 March 2013	<u>228,342</u>	<u>2,020</u>	<u>8,146</u>	<u>25,400</u>	<u>5,013</u>	<u>268,921</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Tangible fixed assets – housing properties (continued)

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 2012	423,671	2,182	20,561	31,198	10,287	487,899
Additions – new properties/ construction	491	-	17,470	-	4,687	22,648
Additions – works to existing properties	8,798	-	-	22	-	8,820
Schemes completed	29,322	-	(29,322)	12,037	(12,037)	-
Transfer from/(to) current assets	-	-	-	(542)	1,838	1,296
Disposals	(86)	-	-	(269)	-	(355)
At 31 March 2013	<u>462,196</u>	<u>2,182</u>	<u>8,709</u>	<u>42,446</u>	<u>4,775</u>	<u>520,308</u>
Accumulated depreciation and impairment						
At 1 April 2012	22,114	148	-	841	-	23,103
Depreciation charge	3,370	14	-	147	-	3,531
Disposals	(12)	-	-	(4)	-	(16)
At 31 March 2012	<u>25,472</u>	<u>162</u>	<u>-</u>	<u>984</u>	<u>-</u>	<u>26,618</u>
Depreciated cost						
At 1 April 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>
At 31 March 2013	<u>436,724</u>	<u>2,020</u>	<u>8,709</u>	<u>41,462</u>	<u>4,775</u>	<u>493,690</u>
Social Housing Grant						
At 1 April 2012	189,113	-	12,349	13,246	1,188	215,896
Reclassification	-	-	(683)	-	683	-
Grant received	-	-	9,268	-	2,245	11,513
Recycled during the year	-	-	73	(104)	-	(31)
Schemes completed	16,000	-	(16,000)	2,920	(2,920)	-
Disposals	-	-	-	-	-	-
At 31 March 2013	<u>205,113</u>	<u>-</u>	<u>5,007</u>	<u>16,062</u>	<u>1,196</u>	<u>227,378</u>
Other Grants						
At 1 April 2012	3,269	-	-	-	-	3,269
Disposals	-	-	-	-	-	-
At 31 March 2013	<u>3,269</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,269</u>
Net book value						
At 1 April 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>
At 31 March 2013	<u>228,342</u>	<u>2,020</u>	<u>3,702</u>	<u>25,400</u>	<u>3,579</u>	<u>263,043</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

11 Tangible fixed assets – housing properties (continued)

The Association conducted a review of its properties in March 2013 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>	
	2013	2012
	£ '000	£ '000
Amounts capitalised	8,820	6,922
Amounts charged to income and expenditure account	2,656	1,634
Total expenditure on works to existing properties	<u>11,476</u>	<u>8,556</u>

Social housing and other grants

	<u>Group and Association</u>	
	2013	2012
	£ '000	£ '000
Total accumulated grants receivable at 31 March were:		
Social Housing Grant	227,378	215,896
Other grants	3,269	3,269
	<u>230,647</u>	<u>219,165</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	
	2013 £ '000	2012 £ '000	2013 £ '000	2012 £ '000
Cost or valuation				
At 1 April	36,752	29,774	33,333	26,355
Additions	37	6	37	6
Deficit on revaluation	(171)	-	(171)	-
Revaluation	-	6,972	-	6,972
At 31 March	<u>36,618</u>	<u>36,752</u>	<u>33,199</u>	<u>33,333</u>
Accumulated depreciation and impairment				
At 1 April	1,760	1,084	1,721	1,071
Depreciation charged in the year	294	296	268	270
Impairment charged in the year	-	380	-	380
At 31 March	<u>2,054</u>	<u>1,760</u>	<u>1,989</u>	<u>1,721</u>
Net book value				
At 1 April	<u>34,698</u>	<u>28,014</u>	<u>31,612</u>	<u>24,634</u>
At 31 March	<u>34,564</u>	<u>34,992</u>	<u>31,210</u>	<u>31,612</u>

The Association conducted a review of its properties in March 2013 for impairment. Impairment of £nil was charged (2012: £380k) during the year. Details of valuations are disclosed in the accounting policies note (page 23). The historic cost of these properties is £10.1m.

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 2012	3,039	6,353	9,392
Additions	4	817	821
Disposals	(52)	-	(52)
At 31 March 2013	<u>2,991</u>	<u>7,170</u>	<u>10,161</u>
Accumulated depreciation			
At 1 April 2012	1,941	5,017	6,958
Charged in year	142	661	803
Disposals	(52)	-	(52)
At 31 March 2013	<u>2,031</u>	<u>5,678</u>	<u>7,709</u>
Net book value			
At 1 April 2012	<u>1,098</u>	<u>1,336</u>	<u>2,434</u>
At 31 March 2013	<u>960</u>	<u>1,492</u>	<u>2,452</u>

14 Investment in subsidiaries

Association

	2013 £ '000	2012 £ '000
Investment in Origin Properties Limited	17,053	17,192
Investment in other subsidiaries	50	-
	<u>17,103</u>	<u>17,192</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. In March 2013 it acquired £50,000 £1 ordinary £1 share in Origin Finance 2 Plc (100% of issued share capital) and 1 share in Origin Housing 2 Limited (100% of issued share capital).

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 £17,053k (2012: £17,192k).

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

15 Properties for sale

	Group		Association	
	2013 £ '000	2012 £ '000	2013 £ '000	2012 £ '000
Properties under construction	8,574	13,511	1,591	3,430
Completed properties	2,878	992	1,325	992
	<u>11,452</u>	<u>14,503</u>	<u>2,916</u>	<u>4,422</u>

16 Debtors

	Group		Association	
	2013 £ '000	2012 £ '000	2013 £ '000	2012 £ '000
Rent and service charges receivable	3,176	3,071	3,090	2,990
Provision for bad and doubtful debts	(1,512)	(1,133)	(1,512)	(1,133)
	<u>1,664</u>	<u>1,938</u>	<u>1,578</u>	<u>1,857</u>
Social Housing Grant receivable	4,160	978	4,160	978
Commercial rent and service charge arrears	460	674	460	674
Amounts due from group companies	-	-	585	364
Prepayments and accrued income	1,608	1,477	1,608	613
Other debtors	1,199	1,116	804	1,049
	<u>9,091</u>	<u>6,183</u>	<u>9,195</u>	<u>5,535</u>

17 Current asset investments

Group and Association	2013 £ '000	2012 £ '000
Investment Fund	<u>-</u>	<u>17</u>

The investment was redeemed during the year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

18 Creditors: amounts falling due within one year

	Group		Association	
	2013 £ '000	2012 £ '000	2013 £ '000	2012 £ '000
Debt (note 20)	8,183	4,573	8,215	4,604
Trade creditors	2,105	1,775	1,363	1,774
Grants received in advance	-	12	-	12
Amounts owed to group companies	-	-	185	105
Recycled capital grant fund (note 21)	168	73	168	73
Corporation tax	-	29	-	29
Other taxation and social security	205	238	205	238
Leaseholder sinking funds	629	528	629	528
Accrued interest	1,771	2,595	1,771	1,731
Capital accrual	3,915	3,685	3,819	3,442
Deferred income	29	70	29	70
Other creditors and accruals	4,623	5,164	4,088	5,157
	<u>21,628</u>	<u>18,742</u>	<u>20,472</u>	<u>17,763</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	
	2013 £ '000	2012 £ '000	2013 £ '000	2012 £ '000
Loans (note 20)	232,343	208,574	232,343	208,574
Deferred financing costs (note 20)	(862)	(684)	(539)	(337)
Recycled capital grant fund (note 21)	509	538	509	538
	<u>231,990</u>	<u>208,428</u>	<u>232,313</u>	<u>208,775</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

20 Debt

	Group		Association	
	2013 £ '000	2012 £ '000	2013 £ '000	2012 £ '000
Due within one year				
Bank overdraft	807	29	807	29
Bank loans	7,469	4,587	7,469	4,587
	<u>8,276</u>	<u>4,616</u>	<u>8,276</u>	<u>4,616</u>
Deferred financing costs	(93)	(43)	(61)	(12)
	<u>8,183</u>	<u>4,573</u>	<u>8,215</u>	<u>4,604</u>
Due after more than one year				
Bank loans	232,294	208,525	232,294	208,525
Other loans	49	49	49	49
	<u>232,343</u>	<u>208,574</u>	<u>232,343</u>	<u>208,574</u>
Deferred financing costs	(862)	(684)	(539)	(337)
	<u>231,481</u>	<u>207,890</u>	<u>231,804</u>	<u>208,237</u>
Between one and two years	3,867	3,731	3,867	3,731
Between two and five years	39,559	12,064	39,559	12,064
In five or more years	188,917	192,779	188,917	192,779
	<u>232,343</u>	<u>208,574</u>	<u>232,343</u>	<u>208,574</u>
Deferred financing costs	(862)	(684)	(539)	(337)
	<u>231,481</u>	<u>207,890</u>	<u>231,804</u>	<u>208,237</u>
Total debt				
Loans	240,619	213,190	240,619	213,190
Deferred financing costs	(955)	(727)	(600)	(349)
	<u>239,664</u>	<u>212,463</u>	<u>240,019</u>	<u>212,841</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 0.77% to 12.46% (2012: 1.24% to 12.46%).

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

At 31 March 2013 the Group had undrawn loan facilities of £43.0m (2012: £50.5m) of which £30.8m (2012: £27.4m) has security in place.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

21 Recycled capital grant fund

Group and Association	2013 £ '000	2012 £ '000
At 1 April	611	241
Grants recycled	139	368
Interest accrued	-	2
Purchase/ development of properties	(73)	-
At 31 March	<u>677</u>	<u>611</u>
Disclosed as:		
Amounts falling due within one year (note 18)	168	73
Amounts falling due after more than one year (note 19)	509	538
	<u>677</u>	<u>611</u>
Amount due for repayment to the Homes and Communities Agency and Greater London Authority	-	-

22 Provisions for liabilities and charges

The group had no provisions for liabilities and charges at the balance sheet date (2012: £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	2013 £	2012 £
Shares of £1 each issued and fully paid		
At 1 April	53	56
Shares issued during the year	2	2
Shares surrendered during the year	(10)	(5)
At 31 March	<u>45</u>	<u>53</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

24 Reserves

Group	Revaluation reserve £ '000	Revenue reserve £ '000	Designated reserves £ '000	Total £ '000
At 1 April 2012	23,393	60,727	1,011	85,131
Surplus for the financial year	-	4,150	-	4,150
Transfers from/ (to) revenue reserve	-	(7)	7	-
Unrealised surplus on investments	1	-	-	1
Unrealised deficit on commercial properties	(171)	-	-	(171)
At 31 March 2013	<u>23,223</u>	<u>64,870</u>	<u>1,018</u>	<u>89,111</u>

Association	Revaluation reserve £ '000	Revenue reserve £ '000	Designated reserves £ '000	Total £ '000
At 1 April 2012	23,393	59,782	1,011	84,186
Surplus for the financial year	-	5,084	-	5,084
Transfers from/ (to) revenue reserve	-	(7)	7	-
Unrealised surplus on investments	1	-	-	1
Unrealised deficit on commercial properties	(171)	-	-	(171)
At 31 March 2013	<u>23,223</u>	<u>64,859</u>	<u>1,018</u>	<u>89,100</u>

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.

25 Financial commitments

Capital expenditure commitments were as follows:

	Group		Association	
	2013 £ '000	2012 £ '000	2013 £ '000	2012 £ '000
Expenditure contracted for but not provided in the accounts	15,686	31,749	4,758	31,749
Expenditure authorised by the Board, but not contracted	14,391	12,005	4,811	12,005
	<u>30,077</u>	<u>43,754</u>	<u>9,569</u>	<u>43,754</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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	2013	2012
	£ '000	£ '000
Operating leases which expire:		
- Within one year	8	11
- One to five years	128	57
	<u>136</u>	<u>68</u>

26 Contingent liabilities

The Group (and Association) had contingent liabilities of £58k in relation to on-going disputes (2012: £54k).

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

Group	2013	2012
	£ '000	£ '000
Operating surplus	11,494	8,533
Depreciation of housing properties	3,825	3,120
Depreciation of other fixed assets	803	672
Impairment of housing properties	-	380
Revaluation of investments	-	(1)
	<u>16,122</u>	<u>12,704</u>
Working capital movements		
Properties for sale	3,051	(9,562)
Debtors	274	1,405
Creditors	(1,008)	1,391
Net cash inflow from operating activities	<u>18,439</u>	<u>5,938</u>

28 Reconciliation of net cash flow to movement in net debt

	£ '000	£ '000
(Increase)/decrease in cash	(6,930)	(5,806)
Cash inflow from increase in debt	26,423	30,731
Increase in net debt from cash flows	<u>19,493</u>	<u>24,925</u>
Cash inflow from disposal of investments	17	-
Change in market value of investments	-	(1)
Total changes in net debt for the period	<u>19,510</u>	<u>24,924</u>
Net debt at 1 April 2012	203,905	178,981
Net debt at 31 March 2013	<u>223,415</u>	<u>203,905</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

29 Analysis of net debt

	1 April 2012 £ '000	Cash flow £ '000	Non-cash movement £ '000	31 March 2013 £ '000
Cash at bank and in hand	8,541	7,708	-	16,249
Bank Overdraft	(29)	(778)	-	(807)
Changes in cash	<u>8,512</u>	<u>6,930</u>	<u>-</u>	<u>15,442</u>
Current asset investment	17	(17)	-	-
Loans	(212,434)	(26,423)	-	(238,857)
Changes in net debt	<u>(203,905)</u>	<u>(19,510)</u>	<u>-</u>	<u>(223,415)</u>

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	2013 £ '000	2012 £ '000
Sterling	<u>-</u>	<u>17</u>

Financial liabilities excluding trade creditors – interest rate risk profile

	2013 £ '000	2012 £ '000
Floating rate	72,406	46,556
Fixed rate	168,213	166,633
Total	<u>240,619</u>	<u>213,189</u>

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 5.25% (2012: 5.34%) and the average period for which it is fixed is 12 years (2012: 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:

	2013 £ '000	2012 £ '000
Expiring in more than two years	<u>43,000</u>	<u>50,549</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

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.

During the year the following significant transactions took place between group members

From: Company *	To: Company *	Amount £	Date	Reason for Payment
OHL	OFL	1,028,852.98	11/04/2012	Interest
OPL	OHL	4,000,000.00	25/04/2012	Decreasing OHL's Investment in OPL
OHL	OFL	1,060,768.93	16/07/2012	Interest
OHL	OFL	1,029,961.97	15/10/2012	Interest
OPL	OHL	1,112,398.00	18/12/2012	Gift Aid
OHL	OPL	2,574,500.00	19/12/2012	OHL Investment in OHD
OPL	OHD	2,574,500.00	19/12/2012	OHL Investment in OHD
OHL	OFL	1,029,627.69	14/01/2013	Interest
OHL	OPL	1,516,200.00	15/02/2013	OHL Investment in OHD
OPL	OHD	1,516,200.00	15/02/2013	OHL Investment in OHD
OHD	OHL	1,351,572.85	28/03/2013	Transfer of Development under construction which had reached golden brick stage
OHD	OHL	1,168,581.89	28/03/2013	Transfer of Development under construction which had reached golden brick stage

*Subsidiary company details are in Note 14 Investment in subsidiaries.

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.

33 Post balance sheet events

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