Gentoo Genie Limited

Financial statements for the year ended 31 March 2016

Registered number: 07083129

Contents

Page

Strategic report

Principal Activities
The Company's principal activities during the year were administering and providing Home Purchase Plans.

Business Model
Gentoo Genie's key objective was to make home ownership accessible to currently excluded consumers. The company provides an innovative home finance product called the 'Genie' which is targeted at first time buyers and long term renters. The company is authorised and regulated by the Financial Conduct Authority as the Genie product is a Home Purchase Plan.

During the year Genie's parent Gentoo Group, reviewed its business plan and decided to refocus on its core activity as an excellent housing provider in Sunderland. As a result, Gentoo will not provide the further equity required for Genie to expand and new business activities will no longer be pursued. Existing Genie customers will continue to receive ongoing servicing in a way that aligns with Genie's regulatory responsibilities.

Results for the year
The loss on ordinary activities before tax for the year is £210k (2015: £248k loss).

Business review
The Company has reported a retained loss after tax of £210k (2015: £248k loss). The company has been operational since 17th October 2011 and the results continue to be attributable to low volumes of business.

Key Performance Indicators (KPIs)
Due to the change in business model, the KPI's for the business have been reviewed and amended. Future focus will be on reducing the cost base and the KPI will be the rate of repayment of the Inter Company loan provided by Gentoo Group.

Principal risks and uncertainties
The Senior Management Team operates a consistent framework to identify, assess, mitigate and report risk exposures.

There is clear escalation of any risk exposures to the Senior Management Team and the Board. A Risk Mitigation Plan, tracked by the Head of Risk and Compliance, ensures rigorous oversight in risk management. The risk assessment and Risk Mitigation Plan are presented to the Board at least annually.

The key risks faced by Genie under the new business model:

- **The Business Plan under the new business model is not achieved –** The Business Plan is regularly reviewed and stress tested to ensure the financial forecasts for the new business model are achieved.

Strategic Report (continued)

- **Conduct Risk –** The risk of non-compliance with the legal and regulatory requirements is mitigated by having a clear risk management framework and by retaining regulatory expertise within the business.

- **Key-man risk –** The risk of losing a member of the run-down team is mitigated by having detailed policies and procedures and by cross skilling within the team.

- **Credit Risk –** The risk of financial loss if the customer does not pay their residency fee or otherwise fails to meet their contractual obligations is managed through the underwriting and arrears management policies. It is also mitigated via the product feature which allows customers to pay a lower monthly fee for a specified period of time.

Signed on behalf of the Board

Michael Bussey
Director
12 July 2016

Directors' report for the year ended 31 March 2016

The directors present their report and the audited financial statements of Gentoo Genie Limited (Genie) for the year ended 31 March 2016.

Directors and their interests
The directors who held office during the year were as follows.

Non-executive directors
Michael Bussey (Chairman)
John Walker

Executive directors
Mark Blanshard (appointed 21 January 2016)
Peter Walls (resigned 14 December 2015)
Steven Hicks

None of the directors held shares in the Company during the year.

Financial instruments
The Genie Home Purchase Plan (HPP) is considered to be a complex financial instrument due to the potential link to upward House Price Inflation (HPI).

The customer contract fixes the settlement balance as being the original property sales price therefore providing protection against downwards HPI.

The risk of customer default is reduced through a Board approved arrears policy and the legal contract in place which allows the Company to seek possession should the customer default.

Proposed dividend
The directors do not recommend the payment of a dividend.

Political contributions
The Company made £nil (2015: £nil) political donations and incurred £nil (2015: £nil) political expenditure during the year.

Disclosure of information to auditor
The directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the Company's auditor is unaware; and each director has taken all of the steps that they ought to have taken as a director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Directors' report for the year ended 31 March 2016 (continued)

Auditor

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and KPMG LLP will therefore continue in office.

By order of the Board

Michael Bussey
Director
12 July 2016

Emperor House
2 Emperor Way
Doxford International Business Park
Sunderland
SR3 3XR

Statement of directors' responsibilities in respect of the Strategic Report, the Directors' Report and the Financial Statements

The directors are responsible for preparing the Strategic Report, the Directors' Report and the Financial Statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

Under company 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 Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards 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 Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

KPMG

KPMG LLP
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

Independent auditor's report to the members of Gentoo Genie Limited

We have audited the financial statements of Gentoo Genie Limited for the year ended 31 March 2016 set out on pages 10 to 26. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

This report is made solely to the company's members, as a body, in accordance with chapter 3 of part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors 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, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site 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 company's affairs as at 31 March 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Independent auditor's report to the members of Gentoo Genie Limited (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, 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
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

M. R. Thompson

Mick Thompson (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Quayside House
110 Quayside
Newcastle upon Tyne
NE1 3DX

18 July 2016

Profit and loss account and other comprehensive income
for the year ended 31 March 2016

	Note	2016	2015
		£	£
Finance income	2	**393,960**	313,052
Cost of sales		**(137,843)**	(138,186)
Gross profit		**256,117**	174,866
Administrative expenses		**(516,269)**	(429,237)
Other operating income	3	**49,953**	6,758
Loss on ordinary activities before taxation	2 - 6	**(210,199)**	(247,613)
Tax on loss on ordinary activities	7	**-**	-
Loss for the financial year		**(210,199)**	(247,613)
Other comprehensive income		**-**	-
Total comprehensive expense for the year		**(210,199)**	(247,613)

Statement of financial position
at 31 March 2016

	Note	2016	2015
		£	£
Fixed assets			
Tangible fixed assets	8	**40,728**	114,299
Current assets			
Stock	9	**143,158**	209,742
Debtors	10	**20,684**	13,434
Cash at bank and in hand		**230,015**	187,725
		393,857	410,901
Creditors: amounts falling due within one year	12	**(21,613)**	(37,335)
Net current assets		**372,244**	373,566
Debtors: amounts falling due after more than one year	11	**8,140,003**	8,597,660
Total assets less current liabilities		**8,552,975**	9,085,525
Creditors: amounts falling due after more than one year	13	**(9,467,929)**	(9,790,280)
Net Liabilities		**(914,954)**	(704,755)
Capital and reserves			
Called up share capital	14	**250,000**	250,000
Profit and loss account		**(1,164,954)**	(954,755)
Shareholders' deficit		**(914,954)**	(704,755)

These financial statements from pages 10 to 26 were approved by the Directors on 12 July 2016 and signed by:

Michael Bussey
Director
Registered number: 0473922

Statement of changes in equity
for the year ended 31 March 2016

	Called up Share Capital £	**Profit and Loss Account £**	**Total Equity £**
Balance at 1 April 2014	250,000	(707,142)	(457,142)
Total comprehensive expense for the period			
Loss for the period	-	(247,613)	(247,613)
Balance at 31 March 2015	**250,000**	**(954,755)**	**(704,755)**
Balance at 1 April 2015	250,000	(954,755)	(704,755)
Total comprehensive expense for the period			
Loss for the period	-	(210,199)	(210,199)
Balance at 31 March 2016	**250,000**	**(1,164,954)**	**(914,954)**

Notes to the financial statements
for the year ended 31 March 2016

1. Accounting policies

Gentoo Genie Limited (the "Company") is a company limited by shares and incorporated and domiciled in the UK.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland (*"FRS 102")* as issued in August 2014. The amendments to FRS 102 issued in July 2015 and effective immediately have been applied. The presentation currency of these financial statements is sterling.

In the transition to FRS 102 from old UK GAAP, the Company has made measurement and recognition adjustments. An explanation of how the transition to FRS 102 has affected financial position and financial performance of the Company is provided in note 16.

The Company's parent undertaking, Gentoo Group Limited includes the Company in its consolidated financial statements. The consolidated financial statements of Gentoo Group Limited are available to the public and may be obtained from Emperor House, 2 Emperor Way, Doxford International Business Park, Sunderland, Tyne and Wear, SR3 3XR. In these financial statements, the company is considered to be a qualifying entity (for the purposes of this FRS) and has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Reconciliation of the number of shares outstanding from the beginning to the end of the period; and

- Cash Flow Statement and related notes

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods in these financial statements.

The Company proposes to continue to adopt the reduced disclosure framework of FRS 102 in its next financial statements.

1.1 Change in accounting policy

As part of the FRS 102 adjustments, in these financial statements the Company has changed its accounting policies for the accounting treatment for the Genie Home Purchase Plan (HPP).

The previous accounting treatment for the Genie HPP recognised the beneficial interest that Genie had in the home as an investment property in the Statement of Financial Position. The beneficial interest was valued at the Net Present Value (NPV) of the net future cash to be remitted by the customer. The beneficial interest was revalued as part of the statutory accounts. Any movement in value was captured within the revaluation reserve on the statement of financial position, and the monthly fee paid by the customer was reported in the profit and loss account.

The Genie HPP is a 'complex financial instrument' under FRS 102 due to the potential link to upward House Price Inflation (HPI). The Genie HPP is initially recognised on the statement of financial position at the value the customer has committed to purchase the property. Subsequent to initial recognition, Genie HPP's are measured at fair value with changes recognised in the profit

Notes to the financial statements (continued)
For the year ended 31 March 2016

1. Accounting policies (continued)

1.1 Change in accounting policy (continued)

or loss. The fair value is equal to the share retained by the Company in the property which is subject to a HPP.

1.2 Measurement convention

The financial statements are prepared on the historical cost basis except that the following assets are stated at their fair value: other financial instruments classified at fair value through the profit and loss (debtors: amounts falling due after more than one year).

1.3 Going Concern

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report on pages 3 and 4.

The Company meets its day to day working capital requirements through Group funding. The Company has received assurances from Group that this funding will continue to be made available so as to allow the company to meet their liabilities as they fall due, for the twelve month period following the approval of these financial statements, and thereafter for the foreseeable future. Therefore, the directors believe that the company is well placed to manage its business risks successfully despite the economic uncertainty.

After making enquiries, the directors have a reasonable expectation that the company will have adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to prepare the financial statements on a going concern basis.

1.4 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and

(b) where the instrument will or may be settled in the company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company's own equity instruments or is a derivative that will be settled by the company's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company's own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

Notes to the financial statements (continued)
For the year ended 31 March 2016

1. Accounting policies (continued)

1.5 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

1.6 Other financial instruments

The Genie HPP arrangements are not considered to be Basic financial instruments.

The Genie HPP is a ‘complex financial instrument’ under FRS 102 due to the potential link to upward House Price Inflation (HPI). The Genie HPP is initially recognised on the statement of financial position at the value the customer has committed to purchase the property. Subsequent to initial recognition, Genie HPP’s are measured at fair value with changes recognised in the profit or loss. The fair value is equal to the share retained by the Company in the property which is subject to a HPP.

There are no other financial instruments which are not considered to be basic financial instruments.

1.7 Tangible fixed assets

Tangible fixed assets are stated at cost less accumulated depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Depreciation is calculated to write off the cost or valuation of tangible fixed assets on a straight line basis over their estimated useful economic lives as follows:

<u>Equipment</u>:

Office equipment	3-10	years
IT equipment	3	years

Notes to the financial statements (continued)
For the year ended 31 March 2016

1. Accounting policies (continued)

1.8 Stock

Stock consists of properties held for sale that do not currently have a HPP agreement attached to them. Stock is valued at fair value, plus any additional cost associated with that property becoming void that can be capitalised e.g. the purchase of a customer's shares.

1.9 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit"). The goodwill acquired in a business combination, for the purpose of impairment testing is allocated to cash-generating units, or ("CGU") that are expected to benefit from the synergies of the combination. For the purpose of goodwill impairment testing, if goodwill cannot be allocated to individual CGUs or groups of CGUs on a non-arbitrary basis, the impairment of goodwill is determined using the recoverable amount of the acquired entity in its entirety, or if it has been integrated then the entire entity into which it has been integrated.

Notes to the financial statements (continued)
For the year ended 31 March 2016

1. Accounting policies (continued)

1.9 Impairment excluding stocks and deferred tax assets (continued)

An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (group of units) on a *pro rata* basis.

1.10 Employee benefits

Defined contribution plans and other long term employee benefits

A defined contribution plan is a post-employment benefit plan under which the company pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an expense in the profit and loss account in the periods during which services are rendered by employees.

1.11 Income receivable from Home Purchase Plan financing transactions

Income receivable from Home Purchase Plan financing transations represents amounts derived from the provision of goods and services which fall within the Company's ordinary activities. Income receivable is attributable to the reservation fees and the element of the monthly fees which do not reduce the HPP balance which are remitted by customers as a result of the home purchase plan arrangements and are recognised in the period to which they relate.

1.12 Taxation and deferred taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference.

Notes to the financial statements (continued)
For the year ended 31 March 2016

1. Accounting policies (continued)

1.12 Taxation and deferred taxation (continued)

Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date. Deferred tax balances are not discounted.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that is it probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.13 Bad and doubtful debts

Any customer, who is in arrears, will be provided for in full as a doubtful debt, when a default notice is sent to the customer in arrears. The provision will be reduced by each payment made to clear the arrears, if/when a payment arrangement is put in place**.** The provision will be fully cleared when a payment arrangement is completed.

The provision will be written off in full, as a bad debt, when a court has granted permission for the customer’s property to be re-possessed.

2. Finance income

Finance income represents the element of the customers’ payment which does not reduce the balance required to exit the arrangement as per note 1.6 and administration fees remitted by the customer as a result of being successful in the Genie application process.

	2016	2015
	£	£
Non capital element	**391,560**	304,652
Administration fees	**2,400**	8,400
	393,960	313,052

Notes to the financial statements (continued)
For the year ended 31 March 2016

3. Other operating income

Other operating income represents income received from the termination of Genie HPP agreements and the open market sale of stock properties.

4. Expenses and auditor's remuneration

	2016	2015
	£	£
Loss on ordinary activities before taxation is stated after charging:		
Auditor's remuneration:		
Audit services	**7,626**	7,564

5. Staff numbers and costs

The average number of persons employed by the Company (including directors) during the year, analysed by category, were as follows:

	2016	2015
	No.	No.
Directors and senior staff	**1**	1
Management and Administration	**8**	11
	9	12

The aggregate payroll costs of these persons were as follows:

	2016	2015
	£	£
Wages and salaries	**446,267**	358,259
Social security costs	**49,339**	37,344
Contributions to defined contribution plans	**22,421**	21,484
Redundancy costs	**8,439**	-
	526,466	417,087

6. Remuneration of directors

	2016	2015
	£	**£**
Non-executive directors' emoluments	**36,720**	36,720

There were no retirement benefits accruing in the year (2015: £nil) for non executive directors.

Notes to the financial statements (continued)
For the year ended 31 March 2016

7. Taxation

Total tax expense recognised in the profit and loss account, other comprehensive income and equity

	2016	2015
	£	£
Current tax		
Current tax on income for the period	**-**	-
Total current tax	**-**	-

Analysis of current tax recognised in profit and loss

	2016	2015
	£	£
UK corporation tax	**-**	-
Total current tax recognised in profit and loss	**-**	-

Reconciliation of effective tax rate

	2016	2015
	£	£
Loss for the year	**(210,199)**	(247,613)
Total tax expense	**-**	-
Loss excluding taxation	**(210,199)**	(247,613)
Tax using the UK corporation tax rate of 20% (2015: 21%)	**(42,040)**	(51,999)
Non-deductible expenses	**-**	2,122
Deferred tax not recognised	**42,040**	49,877
Total tax expense included in profit or loss	**-**	-

Notes to the financial statements (continued)
For the year ended 31 March 2016

7. Taxation (continued)

The main rate of UK corporation tax changed from 21% to 20% on 1 April 2015. A further reduction in the main rate of UK corporation tax, to 19% with effect from 1 April 2017 and 18% with effect from 1 April 2020, became substantively enacted on 26 October 2015. An additional reduction to 17% (effective from 1 April 2020) was announced in the Budget on 16 March 2016. This will reduce the Company's future current tax charge accordingly.

In total, the company has an unrecognised deferred tax asset of £220,375 (2015: £188,582).

8. Tangible Fixed Assets

	Equipment
Cost	**£**
At 1 April 2015 and 31 March 2016	**214,371**
Depreciation	
At 1 April 2015	**(100,072)**
Charged in the year	(73,571)
At 31 March 2016	**(173,643)**
Net book value	
At 31 March 2015	114,299
At 31 March 2016	**40,728**

9. Stocks

	2016	2015
	£	£
Properties held for re-sale	**143,158**	209,742

10. Debtors

	2016	2015
	£	£
Trade debtors	**17,768**	7,251
Other debtors	**-**	443
Prepayments	**2,916**	5,740
	20,684	13,434

Notes to the financial statements (continued)
For the year ended 31 March 2016

11. Debtors: amounts falling due after more than one year

The debtors due after more than one year are made up as follows:

	2016	2015
	£	£
HPP arrangements	**9,775,895**	10,287,106
Deferred revenue	**(1,635,892)**	(1,689,446)
	8,140,003	8,597,660

The HPP arrangements are valued at fair value as per note 1.1. Deferred revenue relates to the difference between the cost of the property to the Company and the value it has been purchased by the customer. Deferred revenue will be released to the profit or loss upon the Company no longer having a share in the property.

Whilst some of the above balance may crystallise in under 1 year, it is not possible to reliably quantify, therefore, these amounts have been included in debtors due after more than one year.

12. Creditors: amounts falling due within one year

	2016	2015
	£	£
Trade creditors	**136**	1,457
Other taxation and social security	**11,227**	8,417
Other creditors	**2,130**	3,555
Amounts owed to Group Undertakings	**-**	6,751
Accruals and deferred income	**8,120**	17,155
	21,613	37,335

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

	2016	2015
	£	£
Amounts owed to group undertakings	**9,467,929**	9,790,280

The loan with the parent company carries the same terms and conditions as the loan agreement between the parent company and the Group's funders. Interest is charged at the same rate as is paid by the parent company to the respective funders and may fluctuate in accordance with changes in LIBOR.

The parent company has continued to forego interest charges in the current year, due to the change of business model.

Notes to the financial statements (continued)
For the year ended 31 March 2016

14. Called up share capital

	2016	2015
	£	£
Called up, allotted and fully paid		
250,000 ordinary shares of £1 each	**250,000**	250,000

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the company.

15a. Ultimate parent undertaking

The Company is a subsidiary undertaking of Gentoo Group Limited which is the ultimate controlling party. This is the only group in which the results of the company are consolidated. The consolidated financial statements of Gentoo Group Limited are available to the public and can be obtained from the Company Secretary, Gentoo Group Limited, Emperor House, 2 Emperor Way, Doxford International Business Park, Sunderland, SR3 3XR.

15b. Related parties

Identity of related parties with which the Company has transacted

The Company is a wholly owned subsidiary of Gentoo Group Limited. The creditors: amounts falling due after more than one year balance relates to Gentoo Group's loan to Gentoo Genie Limited.

	Creditors outstanding 2016	2015
	£	£
Gentoo Group Limited	**9,467,929**	9,790,280

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

As stated in note 1, these are the Company's first financial statements prepared in accordance with FRS 102.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended 31 March 2016 and the comparative information presented in these financial statements for the year ended 31 March 2015 and in the preparation of an opening FRS 102 balance sheet at 01 April 2014 (the Company's date of transition).

Notes to the financial statements (continued)
For the year ended 31 March 2016

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

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

Reconciliation of Equity

			1 April 2014			**31 March 2015**	
	Note	UK GAAP	Effect of transition to FRS 102	FRS 102	**UK GAAP**	**Effect of transition to FRS 102**	**FRS 102**
Fixed assets		£	£	£	**£**	**£**	**£**
Tangible fixed assets		176,259	-	176,259	**114,299**	**-**	**114,299**
Investment properties	**a**	9,210,000	(9,210,000)	-	**10,192,000**	**(10,192,000)**	**-**
		9,386,259	(9,210,000)	176,259	**10,306,299**	**(10,192,000)**	**114,299**
Current assets							
Stock	**b**	-	578,281	578,281	**-**	**209,742**	**209,742**
Debtors	**c**	33,978	(25,876)	8,102	**45,144**	**(31,710)**	**13,434**
Cash at bank and in hand		82,067	-	82,067	**187,725**	**-**	**187,725**
		116,045	552,405	668,450	**232,869**	**178,032**	**410,901**
Creditors: amounts falling due within one year		(37,868)	-	(37,868)	**(37,335)**	**-**	**(37,335)**
Net current assets		78,177	552,405	630,582	**195,534**	**178,032**	**373,566**
Debtors: amounts falling due after more than one year	**a**	-	7,478,244	7,478,244	**-**	**8,597,660**	**8,597,660**
Total assets less current liabilities		9,464,436	(1,179,351)	8,285,085	**10,501,833**	**(1,416,308)**	**9,085,525**
Creditors: amounts falling due after more than one year		(8,742,227)	-	(8,742,227)	**(9,790,280)**	**-**	**(9,790,280)**
Net assets/ (liabilities)		722,209	(1,179,351)	(457,142)	**711,553**	**(1,416,308)**	**(704,755)**
Capital and reserves							
Called up share		250,000	-	250,000	**250,000**	**-**	**250,000**
Revaluation reserve	**a**	723,134	(723,134)	-	**629,415**	**(629,415)**	**-**
Profit and loss account	**d**	(250,925)	(456,217)	(707,142)	**(167,862)**	**(786,893)**	**(954,755)**
Shareholders' funds/ (deficit)		722,209	(1,179,351)	(457,142)	**711,553**	**(1,416,308)**	**(704,755)**

Notes to the financial statements (continued)
For the year ended 31 March 2016

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

Notes to the reconciliation of equity

a) The Genie HPP is a ‘complex financial instrument’ under FRS 102. The revised accounting treatment recognises the Genie HPP agreement initially on the statement of financial position at the value the customer has committed to purchase the property. Subsequent to initial recognition, Genie HPP’s are recognised at fair value with changes recognised in the profit or loss. This change in treatment therefore removes the HPP agreement out of investment properties and the revaluation reserve, and the agreement is now recognised in debtors: amounts falling due after more than one year.

b) Due to the change in accounting policy (see a), stock represents properties that are held as properties for sale, as they are no longer subject to a Genie HPP agreement. The stock is valued at fair value plus any additional cost associated with that property becoming void that can be capitalised e.g. the purchase of a customer’s shares. This arrangement was previously accounted for under the former UK GAAP investment property accounting policy.

c) Due to the change in accounting policy (see a), the income accrual that was previously within the year end debtor balance has been removed.

d) The change of accounting policy has removed income from the profit and loss account; therefore the loss in all restated years has increased.

Reconciliation of loss for year ended 31 March 2015

	Note	Adopted UK GAAP	Effect of transition to FRS 102	**FRS 102**
		£	£	**£**
Finance income	**a**	643,728	(330,676)	**313,052**
Cost of sales		(138,186)	-	**(138,186)**
Gross profit		505,542	(330,676)	**174,866**
Administrative expenses		(429,237)	-	**(429,237)**
Other operating income	**b**	-	6,758	**6,758**
Operating profit / (loss)		76,305	(323,918)	**(247,613)**
Loss on disposal of fixed assets	**b**	(22,428)	22,428	**-**
Profit / (loss) on ordinary activities before taxation		53,877	(301,490)	**(247,613)**
Tax on profit / (loss) on ordinary activities		-	-	**-**
Profit / (loss) for the financial year		53,877	(301,490)	**(247,613)**

Notes to the financial statements (continued)
For the year ended 31 March 2016

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

Notes to the reconciliation of loss

a) Finance income has been reduced as a result of the change in accounting policy. This is a result of the capital element now being charged to the long term debtor balance on the statement of financial position therefore reducing the amount owed to the Company by the Genie customer. Previously, the full customer payment was recognised as turnover.

b) As the Genie HPP agreements have now been reclassified on the statement of financial position, there is now no disposal of a fixed asset to recognise in the profit and loss account.

Instead agreements that have been terminated and income received and void properties sold are recognised as other operating income.