

**Company No. 07036168**

**GENFINANCE II PLC**

**REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**  
**31 MARCH 2024**

**GENFINANCE II PLC**

**Report and financial statements for the year ended 31 March 2024**

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# GENFINANCE II PLC

**Company No. 07036168**  
**Registered in England and Wales**

## List of officers and professional advisers

### Executive Board

Chief Executive  
Chief Financial Officer  
Group Directors of Development and Sales and  
Deputy Chief Executive  
Chief Operating Officer  
Group Director of Central Services  
Chief Information Officer  
Group Director of Assets and sustainability  
Chief Financial Officer (interim)

Patrick Franco  
Mark Smith (appointed 15 April 2024)  
John Hughes  
  
Katie Yallop  
Vipul Thacker  
Rajiv Peter  
Matthew Cornwall-Jones  
Susan Hickey (resigned 15 April 2024)

### Company secretary Company Secretary

Sara Thomson (appointed 5 June 2024)  
Andrew Nankivell (resigned 5 June 2024)

### Registered Office

Bruce Kenrick House  
2 Killick Street  
London  
United Kingdom  
N1 9FL

### Bankers

Barclays Bank PLC  
Business Banking  
Floor 28  
1 Churchill Place  
London  
E14 5HP

### Principal Solicitors

Devonshires  
30 Finsbury Circus  
London  
EC2M 7DT

### Independent Auditors

Crowe UK LLP  
55 Ludgate Hill  
London  
EC4M 7JW

# GENFINANCE II PLC

## Strategic report for the year ended 31 March 2024

The directors present their strategic report and the audited financial statements of the company for the year ended 31 March 2024.

### Principal activities

The principal activity of the Company is to act as the capital markets issuance vehicle for Notting Hill Genesis.

### Background

On 21 December 2009, an own named bond issue was successfully completed. The £250m 30 years Sterling bond was priced at 6.064%. £50m of the bonds were held under a custodian agreement as Reserve Bonds for sale at a future date. In May 2012, Notting Hill Genesis undertook a successful investor consent solicitation exercise to raise the minimum denomination of the 2039 £250m Genfinance II Plc bonds from £50k to £100k. On 6 July 2012, Genfinance II Plc sold the £50m Reserve Bonds following an investor roadshow in London and Edinburgh. The reserve bonds were sold for more than face value because of the fall in gilt rates since 2009 and the effective yield on the reserve bonds is 5.31%. The Company continues to hold £250m of bonds and all interest payable on the bonds was serviced.

### Result for the year

There was a profit for the year of £1,000 (2023: profit of £1,000). As at 31 March 2024, the company had total assets of £257,079,000 (2023: £257,195,000), total liabilities of £256,996,000 (2023: £257,113,000) and total equity of £83,000 (2023: £83,000).

### Key performance indicators

The directors of Notting Hill Genesis manage the group's operations on a divisional basis. A suite of key performance indicators is reported to the group board each quarter, with each metric linked to a theme within the Corporate Strategy as follows:

- Financial strength;
- Providing new homes;
- Our residents;
- Our homes; and
- Our people.

Genfinance II Plc monitor the following key performance indicators:

- the ratio of interest receivable to interest payable is greater or equal to 1:1;
- the value of the assets from NHG used as security for the bond, on an Existing Use Value Social Housing (EUV-SH) and/or Market Value Subject to Tenancies (MVST) is at least 105% on a EUV-SH basis or 115% on a MVST basis of the bond notional;
- the maturity of the bond is matched to the on-lending receivable.

### Principal risks and uncertainties

Genfinance II Plc on-lends all of the proceeds from the bond issue to the group's principal Registered Provider, Notting Hill Genesis. The main risk facing Genfinance II Plc is that Notting Hill Genesis is unable to make interest or principal payments when they fall due. This risk is mitigated as Genfinance II Plc on-lends funding to Notting Hill Genesis under a secured loan agreement which is backed by an appropriate value of housing assets provided by Notting Hill Genesis. Further risk mitigation is evidenced by the annual credit ratings of A - (Negative outlook) by Standard and Poor's and A (Negative Outlook) by Fitch which evidence that the financial performance of Notting Hill Genesis is deemed to be strong. The risks around the financial instruments are discussed further in note 11.

# GENFINANCE II PLC

## Strategic report for the year ended 31 March 2024 (continued)

### Section 172(1) Companies Act 2006

The directors provide the following statement in accordance with the requirement under Section 172(1) of the Companies Act 2006 to describe how they have acted in good faith in their duties to promote the success of the company for the benefit of its stakeholders as a whole, and in doing so have had regard to the matters set out in Section 172(1) (a) to (f) during the financial year.

Section 172(1) requires a director to have regard to the following matters, among others, when discharging their duty:

- a) the likely consequences of any decision in the long term;
- b) the interests of the company's employees
- c) the need to foster the company's business relationships with suppliers, customers and others;
- d) the impact of the company's operations on the community and the environment;
- e) the desirability of the company maintaining a reputation for high standards of business conduct; and
- f) the need to act fairly as between members of the company.

Genfinance II Plc is responsible for managing the group bond investment. The Chief Financial Officer provides regular reports to the board on these activities including the company's access to liquidity, monitoring the headroom on the financial covenants in relation to the bond. The investment is governed under the Notting Hill Genesis ("NHG") group treasury management policy approved by the group board annually. The company's regulators, the FCA need high quality information to allow them to perform their regulatory oversight and to ensure the company does not pose a risk to their statutory objectives.

The company is a wholly owned subsidiary of Notting Hill Genesis, and as such it follows a range of group-wide policies in place to ensure compliance with all regulatory requirements and adherence to the highest professional and ethical standards in dealing with its stakeholders, as well as being aware of its social and environmental responsibilities. In doing so, and by balancing the interests of the company's stakeholders when making decisions, the board seeks to maintain a reputation for high standards of business conduct. Further information on these group-wide policies can be found in the annual report and accounts of the company's ultimate parent undertaking Notting Hill Genesis.

### Employees

The company does not have any direct employees, management is provided by its immediate parent undertaking, Notting Hill Genesis. Notwithstanding this, the board recognises that employee culture, values and performance ensures the delivery of good customer (residents) and investor outcomes and reduces conduct risk, and therefore underpins the group's ability to achieve its strategy and long-term success. Engagement with employees help to build a deep and diverse talent pool by attracting, retaining, developing and motivating the right people to meet its current and future business needs and creates a healthy workplace culture. Regularly listening to employees' feedback ensures they feel valued with their views recognised and acted upon.

The board maintains the well-being of employees by supporting them in a range of ways to ensure their mental and physical health in both their professional and personal lives. The board has also established competitive remuneration structures and a wide range of benefits for employees, which are reviewed annually.

### Residents and investors

Notting Hill Genesis residents are the central focus of the group's business and engaging with them is critical to the group's long-term success which is contingent upon our ability to understand their needs of and provide financial planning and investment management solutions that achieve their current and future financial goals, and to developing a seamless integrated tenants' experience.

# GENFINANCE II PLC

## Strategic report for the year ended 31 March 2024 (continued)

### Residents and investors (continued)

The group's priorities and key areas of focus are to maintain a good oversight of the management of our funds, deliver a good quality service to our residents and investors, ensuring their priorities are met, deliver strong investment performance over the long term with adequate liquidity of assets and deliver value for money.

The Notting Hill Genesis board has ongoing measures in place for monitoring and analysing customer (residents) experience, through feedback from surveys, complaints and incidents and implementing proactive and corrective action in order to achieve the strategic objectives of NHG group.

### Key providers and third parties

The business is supported by a large number of suppliers who enable us to provide high standards of service to our clients, investors and partners. Effective engagement with key providers and third parties enables the company to develop and maintain long-term and sustainable relationships and helps ensure that the company secures services from suppliers who operate responsibly and in line with our policies and standards.

### Communities and environment

As part of the broader group, the company is committed to contributing long-term value and making a lasting, positive impact on the society in which we operate and the environment more broadly. Participating in local communities helps the board and our employees develop our understanding of our tenants, customers and partners so that we can support them and help them to achieve their ambition.

### Shareholder

The company is a wholly owned member of the NHG group, forming part of the Investment Management division. As such it operates as part of the broader group in delivering its purpose and strategic objectives, in line with group-wide processes, governance and culture. Engagement supports the company's understanding of, and contribution to, broader group activities and strategic aims, and ensures delivery of long-term sustainable value for our shareholder in line with group policies and standards.

The company is a wholly owned subsidiary of Notting Hill Genesis and, as such, the duty of the directors to have regard to the need to act fairly as between members of the company is limited.

25/09/2024

The Strategic report was approved by the board on ..... and signed on its behalf by

Sara Thomson  
Company Secretary

Signed by:  
  
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# GENFINANCE II PLC

## Directors' report

The directors present their director report and the audited financial statements of the company for the year ended 31 March 2024.

## Going concern

The financial statements have been prepared on a going concern basis. The going concern basis assumes that the company will continue in operational existence for the foreseeable future and will be able to realise its assets and discharge its liabilities and commitments in the normal course of business. The directors have considered the potential impacts from various scenarios that could adversely affect the company's future plans. These include but are not limited to the risk of Notting Hill Genesis being unable to make interest or principal repayments of the Bond to Genfinance II Plc when they fall due. This has been mitigated by the secured loan agreement in place and the strong credit rating of Notting Hill Genesis. The directors have also evaluated the financial position and forecasts for the year end. Based on these considerations, the directors believe that preparing the financial statements on the going concern basis is appropriate and that no material uncertainty exists.

## Future developments

Genfinance II Plc will continue to act as the capital markets issuance vehicle for Notting Hill Genesis.

## Directors

The directors of the Company who were in office during the year and up to the date of signing the financial statements were:

Patrick Franco	
Mark Smith (appointed 15 April 2024)	Chairman
John Hughes	
Katie Yallop	
Vipul Thacker	
Rajiv Peter	
Matthew Cornwall-Jones	

No director had any beneficial interest in shares of the company or any fellow subsidiary company during the year.

## Distribution

As at 31 March 2024, the directors recommended a qualifying charitable donation by gift aid of £1,000 (2023: £1,000) as a distribution of reserves. The Directors do not recommend a declaration of a dividend for the year (2023: £nil).

## Independent Auditors

The reappointment of the auditors, Crowe U.K. LLP, will be proposed at the Annual General Meeting.

## Directors' indemnities

As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its directors.

# GENFINANCE II PLC

## Statement of directors' responsibilities

The directors are responsible for preparing the Annual 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 the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland", and applicable law). 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;
- state whether applicable United Kingdom Accounting Standards, comprising FRS 102 have been followed, subject to any material departures disclosed and explained in the financial statements;
- make judgements and accounting estimates that are reasonable and prudent; 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detecting of fraud and other irregularities.

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.

The directors of the ultimate parent company are responsible for maintenance and integrity of the ultimate parent company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

## Directors' confirmations

In the case of each director in office at the date the Directors' Report is approved:

- so far as the director is aware, there is no relevant audit information of which the company's auditors are unaware; and
- he/she 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 audit information and to establish that the company's auditors are aware of that information.

Bruce Kenrick House  
2 Killick Street  
London  
United Kingdom  
N1 9FL

Approved by the board of  
Directors and signed  
by order of the board

Signed by:  
  
DE8CD999BA7A4D4...  
**Sara Thomson**  
**Company Secretary**  
25/09/2024

**Company No. 07036168**



# GENFINANCE II PLC

## Independent Auditors' report to the members of Genfinance II Plc

### Opinion on the financial statements

We have audited the financial statements of Genfinance II Plc (the 'company') for the year ended 31 March 2024, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of the profit for the year then ended
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

As the entity on-lends to its immediate parent, the principal risk facing the entity is that the parent will be unable to make its interest or principal payments when they fall due and this impacts on the entity's ability to meet its obligations as they fall due and to conclude that it is a going concern.

The going concern of the company is therefore intrinsically linked to the future viability of the parent entity, and management's assessment of going concern involves consideration about the ability of Notting Hill Genesis to continue as a going concern.

Our evaluation of the Directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included considering the ongoing financing arrangements and future cashflow projections. The assessment covers the period to 30 September 2025, being 12 months from the date of signing.

We have discussed this with the company's management in order to fully understand their assessment including the underlying assumptions applied.

In addition, we have:

- obtained an understanding of the budgeting and forecasting process followed by management for the entity and the group, including performing a retrospective review comparing the group's actual performance in the year to 31 March 2024 against the original budget to understand whether an indication of management bias exists;
- Obtained the group's forecast covering the going concern period, and management's assessment of the going concern basis formed;
- Discussed the group's cash flow forecast with management, challenging key assumptions;

# GENFINANCE II PLC

## Independent Auditors' report to the members of Genfinance II Plc (continued)

### Conclusions relating to going concern (continued)

- Considered the group's continued compliance with banking covenants and considering the stress required to the model to indicate a breach;
- Considered the availability of group finance facilities at the year end and over the period of assessment and the amount available for drawdown;
- Considered the appropriateness of disclosure made in respect of going concern and ensuring it is consistent with our knowledge of the business and the reforecasting exercise.

We have no further observations arising from that evaluation.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### Overview of our audit approach

#### *Materiality*

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the financial statements as a whole to be £230,000, based on a percentage of revenue set at 1.5% (2023: £150,000, based on 1% of revenue).

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. Our performance materiality was set at 70% of financial statements materiality, amounting to £161,000 (2023: £105,000 based on 70% of financial statements materiality).

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit and Risk Committee to report to it all identified errors in excess of £11,000. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

#### *Overview of the scope of our audit*

Our audit procedures, which are designed primarily to enable us to form an opinion on your financial statements, were carried out in accordance with International Standards on Auditing (UK). Our work combines substantive procedures involving direct verification of balances and transactions, including obtaining confirmations from third parties where we considered this to be necessary, with a review of certain financial systems and controls.

No restrictions were placed on our audit, and we have been able to undertake our work as set out in our Audit Planning Report.

# GENFINANCE II PLC

## Independent Auditors' report to the members of Genfinance II Plc (continued)

### *Overview of the scope of our audit (continued)*

Our audit procedures, which are designed primarily to enable us to form an opinion on your financial statements, were carried out in accordance with International Standards on Auditing (UK). Our work combines substantive procedures involving direct verification of balances and transactions, including obtaining confirmations from third parties where we considered this to be necessary, with a review of certain financial systems and controls.

No restrictions were placed on our audit, and we have been able to undertake our work as set out in our Audit Planning Report.

Our evaluation of the systems of control at Genfinance II Plc was carried out for the purposes of our audit and accordingly it is not intended to be a comprehensive review of systems and processes. It would not necessarily reveal all weaknesses in accounting practice or internal controls which a special investigation might highlight, nor irregularities or errors not material in relation to the financial statements.

### **Key audit matters**

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have identified going concern as the only Key Audit Matter and our observations on going concern are included in the "Conclusions related to going concern" section of this report. This does not represent the complete list of all risks identified by our audit.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

### **Other information**

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

# GENFINANCE II PLC

## Independent Auditors' report to the members of Genfinance II Plc (continued)

### Opinions on other matters prescribed by the Companies Act 2006

In our opinion based on the work undertaken in the course of our audit

- 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; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

### Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

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

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements and the part of the directors' remuneration report to be audited 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.

### Responsibilities of the directors for the financial statements

As explained more fully in the statement of directors' responsibilities 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, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## GENFINANCE II PLC

### Independent Auditors' report to the members of Genfinance II Plc (continued)

#### *Extent to which the audit is capable of detecting irregularities, including fraud*

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements such as the Companies Act 2006. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statements items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the company for fraud. The laws and regulations we considered in this context for the UK operations in addition to the Companies Act 2016, were listing rules and taxation legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be in the potential override of controls by management. Our audit procedures to respond to these risks included enquiries of management, internal audit and the Audit and Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence, and reading minutes of meetings of those charged with governance.

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

#### **Other matters which we are required to address**

We were first appointed by Members of the board on 7 February 2023 to audit the financial statements for the period ending 31 March 2023. Our total uninterrupted period of engagement is two years, covering the period ended 31 March 2024.

Non-audit services prohibited by the FRC's Ethical Standard have not been provided to the company and we remain independent of the company in conducting our audit.


Our audit opinion is consistent with the additional report to the Audit and Risk Committee.

GENFINANCE II PLC

Independent Auditors' report to the members of Genfinance II Plc (continued)

Use of our report

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 parent 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 parent company and the parent company’s members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:  
  
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Julia Poulter  
Senior Statutory Auditor  
For and on behalf of Crowe UK LLP  
Chartered Accountants and Statutory Auditors  
London 25/9/2024  
Date: .....

**GENFINANCE II PLC**

**Company No. 07036168**  
**Registered in England and Wales**

**Statement of comprehensive income**

**For the year ended 31 March 2024**

	<b>Note</b>	<b>2024 £000</b>	<b>2023 £000</b>
Revenue	2	15,044	15,050
<b>Gross profit</b>		<b>15,044</b>	<b>15,050</b>
Administrative expenses		-	-
<b>Operating profit</b>		<b>15,044</b>	<b>15,050</b>
Other operating income		1	1
<b>Profit before interest and taxation</b>		<b>15,045</b>	<b>15,051</b>
Interest payable and similar expenses	5	(15,044)	(15,050)
<b>Profit before taxation</b>	6	<b>1</b>	<b>1</b>
Tax on profit	7	-	-
<b>Profit for the financial year and total comprehensive income for the year</b>		<b>1</b>	<b>1</b>



**GENFINANCE II PLC**

**Company No. 07036168**  
**Registered in England and Wales**

**Statement of financial position****As at 31 March 2024**

	<b>Note</b>	<b>2024</b> <b>£000</b>	<b>2023</b> <b>£000</b>
<b>Current assets</b>			
Debtors	8	4,382	4,379
Debtors: amounts falling due after more than one year	9	252,680	252,801
Cash at bank and in hand		16	16
		<b>257,078</b>	<b>257,196</b>
<b>Current liabilities</b>			
Creditors: amounts falling due within one year	10	(4,316)	(4,312)
<b>Net current assets</b>		<b>252,762</b>	<b>252,884</b>
<b>Total assets less current liabilities</b>		<b>252,762</b>	<b>252,884</b>
<b>Non-current liabilities</b>			
Creditors: amounts falling due after more than one year	11	(252,679)	(252,801)
<b>Net assets</b>		<b>83</b>	<b>83</b>
<b>Capital and reserves</b>			
Called up share capital	12	50	50
Retained earnings		33	33
<b>Total equity</b>		<b>83</b>	<b>83</b>

Notes on page 17 to 23 form part of these financial statements.

The financial statements on pages 14 to 23 were authorised and approved by the board of directors on 25/09/2024 and signed on its behalf by

Mark Smith  
 Director

Signed by:

*Mark Smith*

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**GENFINANCE II PLC**

**Company No. 07036168**  
**Registered in England and Wales**

**Statement of changes in equity**

**For the year ended 31 March 2024**

	<b>Called up share capital £000</b>	<b>Retained earnings £000</b>	<b>Total equity £000</b>
At 1 April 2022	50	33	83
Profit for the financial year	-	1	1
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>1</b>	<b>1</b>
Gift aid payable, net of tax	-	(1)	(1)
<b>At 31 March 2023</b>	<b>50</b>	<b>33</b>	<b>83</b>
At 1 April 2023	50	33	83
Profit for the financial year	-	1	1
<b>Total comprehensive income for the year</b>	<b>-</b>	<b>1</b>	<b>1</b>
Gift aid payable, net of tax	-	(1)	(1)
<b>At 31 March 2024</b>	<b>50</b>	<b>33</b>	<b>83</b>

# GENFINANCE II PLC

## Notes to the financial statements

For the year ended 31 March 2024

### 1 General information

Genfinance II Plc is a private company limited by shares, incorporated in England and Wales. The address of its registered office is Bruce Kenrick House 2 Killick Street London N1 9FL United Kingdom. The nature of the company's operations and its principal activities are set out in the strategic report. The functional currency of Genfinance II Plc is GBP (£) and figures in the primary statements and notes have been rounded to the nearest thousand.

### 2 Accounting policies

#### Basis of accounting

The financial statements are prepared in accordance with United Kingdom Generally Accepted Accounting Practice (UKGAAP) including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

#### Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

#### Basis of preparation

The financial statements have been prepared on a going concern basis, under the historical cost convention.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in note 3.

The company is a wholly-owned subsidiary of Notting Hill Genesis and is included in the consolidated financial statements of the parent company which are publicly available. Consequently, the company has applied the exemptions available under FRS 102 in respect of the following disclosures:

- Related party disclosures;
- Financial instruments;
- Key management personnel compensation; and
- Cashflow statement and related notes.

#### Going concern

The financial statements have been prepared on a going concern basis. The going concern basis assumes that the company will continue in operational existence for the foreseeable future and will be able to realise its assets and discharge its liabilities and commitments in the normal course of business. The directors have considered the potential impacts from various scenarios that could adversely affect the company's future plans. These include but are not limited to the risk of Notting Hill Genesis being unable to make interest or principal repayments of the Bond to Genfinance II Plc when they fall due. This has been mitigated by the secured loan agreement in place and the strong credit rating of Notting Hill Genesis. The directors have also evaluated the financial position and forecasts for the year end. Based on these considerations, the directors believe that preparing the financial statements on the going concern basis is appropriate and that no material uncertainty exists.

# GENFINANCE II PLC

## Notes to the financial statements (continued)

For the year ended 31 March 2024

### 2 Accounting policies (continued)

#### Basic financial instruments

The company only has financial assets and financial liabilities of a kind that qualify as basic financial instruments. Basic financial instruments are initially recognised at transaction value and subsequently measured at amortised cost.

#### Revenue

Revenue is derived from UK operations, it represents interest receivable due from other group entities and is accounted for on an accruals basis.

#### Interest payable

Interest payable is due to the bond issuer and is accounted for on an accruals basis.

#### Taxation

The company is subject to corporation tax on its profits for the year using the current tax rates; however, these are normally paid as gift aid to Notting Hill Genesis (the ultimate parent entity). The company is registered for VAT as a separate entity.

#### Loan issue costs

Costs incurred in raising loan finance are recorded as a deduction from the gross proceeds of the loan and subsequently amortised in the income and expenditure account over the term of the loan.

#### Debtors and Creditors

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

### 3 Critical accounting adjustments and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

#### a) Critical accounting estimates and assumptions

The company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

##### (i) *Impairment of debtors*

The company makes an estimate of the recoverable value of debtors, currently only intercompany debtors. When assessing impairment of debtors, management considers factors including the current credit rating of the debtor, the ageing profile of debtors and historical experience of cash collection. Management have specifically considered the likelihood of recovery of all debtors with specific consideration of non-payment after the end of the year. These financial statements take into account relevant events that have occurred since the end of the financial year that may indicate that debtors due at the year may not be recoverable.

GENFINANCE II PLC

Notes to the financial statements (continued)

For the year ended 31 March 2024

3 Critical accounting adjustments and estimation uncertainty (continued)

b) Critical judgements in applying company's accounting policies

There were no critical judgements exercised by management during the year in the process of applying the company's accounting policies.

4 Employees and directors

Directors' emoluments

The emoluments of the directors are paid by Notting Hill Genesis (the ultimate parent entity) which makes no recharge to the company. They are directors of the Registered Provider and a number of subsidiaries, and it is not possible to make an accurate apportionment of his/her emoluments in respect of each of the subsidiaries. Accordingly, the above details include no emoluments in respect of these directors. His/her total emoluments are included in the aggregate of directors' emoluments disclosed in the financial statements of the Ultimate Parent entity.

Staff Costs

There were no employees in Genfinance II Plc during the year (2023: nil).

5 Interest payable and similar expenses

	2024 £000	2023 £000
External loan interest payable	14,996	15,005
Amortisation of loan set up costs	48	45
	<u>15,044</u>	<u>15,050</u>

6 Profit before taxation

Profit before taxation is stated after charging:

	2024 £000	2023 £000
Auditors' remuneration		
External audit fee (excluding VAT)	<u>-</u>	<u>-</u>

Audit fees are paid by the parent undertaking Notting Hill Genesis. Audit fees paid during the year was £10,700 (2023: £5,800).

**GENFINANCE II PLC****Notes to the financial statements (continued)****For the year ended 31 March 2024****7 Taxation**

Tax on profit:

	<b>2024</b> <b>£000</b>	<b>2023</b> <b>£000</b>
UK tax on profit for the financial year	-	-

The tax assessed for the year is same as (2023: same as) the standard rate of corporation tax in the UK of 19% (2023: 19%).

From 1 April 2023, there is no longer a single Corporation Tax rate for non-ring fence profits. The Corporation Tax main rate for non-ring fence profits will increase from 19% to 25% for profits above £250,000.

**Total tax charge reconciliation:**

	<b>2024</b> <b>£000</b>	<b>2023</b> <b>£000</b>
Profit before taxation	1	1
Corporation tax at 19% (2023: 19%)	-	-
Expenses not deductible for tax purposes	-	-
Gift Aid relief	-	-
<b>Total tax charge</b>	<b>-</b>	<b>-</b>

Gift aid relief during the year was £- (2023: £190).

**8 Debtors: amounts falling due within one year**

	<b>2024</b> <b>£000</b>	<b>2023</b> <b>£000</b>
Trade debtors	5	5
Amounts owed by parent undertakings	121	116
Amounts owed by group undertakings	4,256	4,258
	<b>4,382</b>	<b>4,379</b>

**9 Debtors: amounts falling due after more than one year**

	<b>2024</b> <b>£000</b>	<b>2023</b> <b>£000</b>
Amounts owed by parent undertakings	<b>252,680</b>	<b>252,801</b>

The amounts owed by group undertakings is the bond proceeds on lent upstream to the parent, Notting Hill Genesis.

# GENFINANCE II PLC

## Notes to the financial statements

For the year ended 31 March 2024

### 10 Creditors: amounts falling due within one year

	2024 £000	2023 £000
Amounts owed to parent undertakings	121	116
Gift aid payable	-	1
Accruals and deferred income	4,195	4,195
	<b>4,316</b>	<b>4,312</b>

### 11 Creditors: amounts falling due after more than one year

	2024 £000	2023 £000
Bond Premium	3,936	4,109
Bond less issue cost	248,743	248,692
	<b>252,679</b>	<b>252,801</b>

	2024 £000	2023 £000
<b>Analysis of loan repayments</b>		
- due within 1-2 years;	127	121
- due within 2-5 years; and	422	402
- more than 5 years	252,130	252,278
	<b>252,679</b>	<b>252,801</b>

### Bonds & financial risk management

The company on 21 December 2009 issued £250m of bonds at a specified denomination of £50,000 repayable on 21 December 2039 at par, with interest payable at a fixed rate of 6.064%. The bonds are secured by a first fixed charge on properties owned by Notting Hill Genesis. £50m of the bonds were held as Reserve Bonds and were sold in July 2012.

### Risk management objectives and policies

The Notting Hill Genesis Corporate Finance team is responsible for the management of funds and control of associated risks. Its activities are governed by the group board, who are responsible for treasury issues in all Notting Hill Genesis legal entities.

### Interest rate risk/hedging

The company currently borrows on a fixed rate basis from the capital market and then on-lends these funds to Notting Hill Genesis on a similar fixed rate basis. As such the company does not bear any risk apart from the underlying credit risk to Notting Hill Genesis, which is discussed on the next page. The company does not have any hedging activities and it does not have any derivatives.

**GENFINANCE II PLC**  
**Notes to the financial statements**  
**For the year ended 31 March 2024**

**11 Creditors: amounts falling due within one year (continued)**

**Credit Risk**

Genfinance II Plc is dependent on receipt of funds from Notting Hill Genesis in order to meet its contractual obligations under the Bond Loan Agreement in relation to the 2039 Bond. The credit risk is that Notting Hill Genesis, as the sole counterparty, fails to make interest or principal payments when they fall due. The directors consider the credit risk to be very low owing to the fact that Notting Hill Genesis is a financially strong business, with strong asset base, that consistently generates a surplus, supported by a regulator with strong oversight and which has an investor grade credit ratings of A - (Negative outlook) from Standard & Poor's as at 13 September 2024 and A (Negative Outlook) from Fitch as at 31 March 2024. The maximum credit risk currently faced by Genfinance II Plc is £250,000,000 (2023: £250,000,000) being the issued amount of funds raised from external investors by the 2039 Bond issuance, and on-lent to Notting Hill Genesis.

This credit risk is further mitigated through a secured loan agreement, backed by social housing assets owned by Notting Hill Genesis. These assets are subject to regulation by Homes England and therefore offer a level of protection in terms of regulatory scrutiny. The value of assets at 31 March 2024 is £368.7m. If there are any payments not made to Genfinance II Plc, it has the right to enforce the security under the loan agreement.

**12 Called up share capital**

	<b>2024</b>	<b>2023</b>
	<b>£000</b>	<b>£000</b>
Allotted, called up and fully paid	13	13
Allotted, called up but not paid	37	37
	<b>50</b>	<b>50</b>

The share capital of the company consists of Ordinary shares with a nominal value of £1 each. Each shareholder has one vote. Each class of share carries no rights to interest, dividends or bonus. When a shareholder ceases to be a member, that person's share is cancelled, and the amount paid up thereon becomes the property of the company.

Any property that remains, after the company is wound-up or dissolved and all the debts and liabilities dealt with, the shareholders may resolve to give or transfer to another body with objects similar to that of the company.

The shares do not have a right to any dividend or distribution in a winding up and are not redeemable. Each share has full voting rights.

**13 Related parties**

There are no related party transactions in the year that require disclosure in the accounts.

# **GENFINANCE II PLC**

## **Notes to the financial statements**

**For the year ended 31 March 2024**

### **14 Ultimate parent undertaking and controlling party**

The immediate and ultimate parent undertaking and controlling party at the year ended 31 March 2024 was Notting Hill Genesis, a charity incorporated as a community benefit society under the Co-operative and Community Benefit Societies Act 2014 and is a Registered Provider of Social Housing, Registered number 4880.

Notting Hill Genesis was the parent undertaking of the largest group of undertakings to consolidate these financial statements at 31 March 2024. The consolidated financial statements of Notting Hill Genesis are available from Bruce Kenrick House, 2 Killick Street, London, United Kingdom, N1 9FL or on their website.