Company No: 05438914

VALE OF AYLESBURY HOUSING TRUST LTD

Report and Financial Statements

Year ended 31 March 2018

Contents

Board, Executive Directors, Advisors and Bankers

Board	Stephen Stringer David Briercliffe Steven Lambert John Balshaw Julian Blundell-Thompson Angela Macpherson David Keeling Barbara Richardson Stephen Bright Olivia Clymer Kelly Webster
Executive Directors	
Chief Executive	Matthew Applegate
Director of Finance and Resources	Linda Foster
Director of Housing and Community Services	Ian Silver
Director of Property and Development	Dean Gill
Company Secretary	Linda Foster
Registered office	Fairfax House, 69 Buckingham Street, Aylesbury, Buckinghamshire HP20 2NJ
Registered number	Company number 05438914 Homes and Community Agency Registration L4473 Charity Commission Registration 1114504

Board, Executive Directors, Advisors and Bankers

Auditors	Grant Thornton UK LLP Chartered Accountants 101 Cambridge Science Park Milton Road Cambridge, CB4 0FY
Solicitors	Blake Morgan LLP Seacourt Tower West Way Oxford, OX2 0FB
Bankers	Barclays Bank Plc Social Housing Team 27th Floor 1 Churchill Place London, E14 5HP

Report of the Directors

The Board of Vale of Aylesbury Housing Trust is pleased to present its report together with the audited financial statements of Vale of Aylesbury Housing Trust Limited ('the company'), a company limited by guarantee and a registered provider of affordable housing, for the year ended 31 March 2018. The company is a registered charity and is governed by a board of up to 12 members.

Activities

The company was formed to receive the transfer of Aylesbury Vale District Council's housing stock. This transfer took place in July 2006 and at 31 March 2018, the company provided 7,560 homes (2017: 7,481).

The company's principal activities are the management, improvement and development of affordable housing and the provision of housing related services to those who need them.

The company operates two key business streams:

- The provision of general needs housing for rent;

- The provision of supported housing for people who need additional support to maintain their independence (Independent Living).

The company invests in the housing stock to meet a quality standard which exceeds the Decent Homes Standard through an ongoing programme of planned and cyclical works. The company is also committed to ensuring that its communities will be sustainable in the longer term.

Business Review

A corporate strategy 'Bigger, Better, Bolder' was launched with effect from April 2017. Details of the company's performance for the year are set out in the Operating and Financial Review and Strategic Report that follows this Report of the Directors.

The company continues to face a number of external challenges with the 1% rent reductions until 2020, uncertainties around Brexit and the UK government's response and the continued roll out of welfare reform and universal credit. There also remains uncertainty over the government's forthcoming Green Paper and the provision of social, affordable and supported housing. In this challenging environment the company has had a successful year and its financial position remains strong and robust.

Going forward, the Bigger, Better, Bolder strategy is designed to help the Trust build on the successes of our first ten years, move with the times and support and grow the provision of safe, secure homes where our customers will feel part of a community. The strategy is based around the themes of providing homes for more people in housing need, making sure services match the needs of current and future customers and embracing new opportunities and innovative ideas. The Operating and Financial Review and Strategic Report that follows this Report of the Directors

Report of the Directors

highlights a number of the planned initiatives including the ambition to build a minimum of 500 new affordable homes by 2020.

Board Directors and Executive Directors

The current Board Directors are set out on page 1 and those who served during the year are as follows:

Stephen Stringer
David Briercliffe
Steven Lambert
John Balshaw
Julian Blundell-Thompson
Angela Macpherson
David Keeling (from 22 June 2017)
Olivia Clymer (from 23 June 2017)
Stephen Bright (from 23 June 2017)
Barbara Richardson (from 1 July 2017)
Kelly Webster (from 28 September 2017)
Renata Hedley (to 28 September 2017)
Kevin Hewson (to 22 February 2018)

It was with great sadness that we heard that Kevin Hewson passed away suddenly in February. Kevin joined the Board as a council Board member in 2015, and was a passionate advocate for the business and for his community. He made a valuable contribution to the Board and was supportive and constructive in helping us to continually improve our services.

Board Members are drawn from a wide background bringing together professional, commercial and local experience. At the year-end the Board of Directors comprised four tenants, two persons nominated by Aylesbury Vale District Council and five independent members.

The Executive Directors are the Chief Executive and the other members of the company's Executive Management Team. There are four Executive Directors as set out on page 1.

The company has insurance policies that indemnify its Board Directors and Executive Directors against liability when acting for the company.

Service contracts
The Chief Executive and Executive Directors are employed on essentially the same terms as other staff.

Pensions
The Executive Directors are members of defined benefit schemes either with the Social Housing Pension Scheme or the Buckinghamshire County Council Pension Fund. They participate in the schemes on the same terms as all other eligible staff. The company has closed these schemes to new entrants and opened two benefit structures with the Social Housing Pension Scheme, one defined benefit based on career average revalued earnings and the other a defined contribution scheme. The company contributes to all of these schemes on behalf of its employees.

Other benefits
The Executive Directors are entitled to other benefits such as a car allowance and health care insurance. Details of the Executive Directors' remuneration are included in note 11 to the financial statements.

Report of the Directors

Regulatory compliance

A review of compliance with the regulatory standards of the Homes and Communities Agency has been undertaken and the company complies with the Governance and Financial Viability Standard. During the year we retained the regulator's top ratings for governance and viability.

NHF Code of Governance

As a member of the National Housing Federation (NHF), the company has adopted the NHF's 2015 "Code of governance, Promoting board excellence for housing associations". The company complies with the code.

Governance matters to highlight are as follows:

- Two independent Board members and one tenant Board member resigned from the Board; one of the independent Board members had completed a nine year term. As reported above, a council Board member passed away.

- Four independent Board members have been appointed, including a new chair of the Audit and Risk Committee. A tenant Board member has also been appointed.

Donations

During the year a total of £6,406 of donations were made (2017: £7,750). £5,000 was donated to the Winter Emergency Project for Aylesbury Homeless Action. £200 was donated to Aylesbury Womens Aid, at the choice of staff foregoing a Christmas lunch. Donations were also made to match charity funding raised by staff during the year and/or as prizes for competitions at Christmas to the following beneficiaries: Shelter – The National Campaign for Homeless People Ltd, Cancer Research, Royal British Legion, Children with Cancer, Bradley Lowery Fight, Marie Curie, Pancreatic Cancer, Macmillan Nurses, Florence Nightingale Hospice Charity and the Royal National Lifeboat Institution. A donation in kind with a value of £46 was made to Aylesbury Vineyard. There were no political donations.

Thriving Communities Fund

As part of the strategy 'Bigger, Better, Bolder', a grant fund has been created to improve the lives of communities in areas in which the company operates. Total grants of up to £250,000 per annum may be distributed through springboard grants, of up to £300, micro grants, of up to £1,000 and project grants of up to £10,000. The first grants will be awarded during 2018/19.

Going concern

The Board has a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are

Report of the Directors

signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Internal Controls Assurance

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness.

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

The process for identifying, evaluating and managing the significant risks faced by the company is ongoing and has been in place throughout the period from 1 April 2017 to the date of approval of this report and financial statements.

Key elements of the control framework include:

- regular reporting to the Board on key business objectives, outcomes and performance against targets;
- Board approved Governance Framework including terms of reference for Board and terms of reference and delegated authorities for the Committees for Audit & Risk, Development & Assets and Remuneration & Selection;
- a Health and Safety Steering Group that meets regularly and provides assurance to the Board on Health & Safety risks, their control and mitigation;
- clearly defined management responsibilities for the identification, evaluation and control of significant risks;
- strategic and business planning processes, with detailed financial budgets;
- recruitment, training and development policies for all staff;
- preparation of reports to the Board for approval of significant new initiatives and commitments, highlighting the risks and financial implications;
- a risk based approach to treasury management which is subject to review on an annual basis;
- Board approved confidential reporting (whistle blowing) policy;
- Board approved anti-fraud and corruption policy and code of conduct, covering prevention, detection and reporting of fraud; and
- Board approved Business Planning, Risk & Control Framework.

A fraud register is maintained and is available for review by the Audit & Risk Committee at each of its meetings. Fraud is a standing item on the Audit & Risk Committee agenda.

The Board accepts ultimate responsibility for the system of internal control and it has delegated authority to the Audit & Risk Committee to regularly review the effectiveness of the system of internal control. The Board receives minutes of all Audit & Risk Committee meetings and an annual report from the Audit & Risk Committee.

Report of the Directors

The means by which the Audit & Risk Committee reviews the effectiveness of the system of internal control include considering internal audit reports, risk management reports, management assurances and the external auditors' audit findings report.

The Audit & Risk Committee has received the Chief Executive's annual review of the effectiveness of the system of internal control for the company, and the annual report of the internal auditor, and has reported its findings to the Board.

Statement of the responsibilities of the Board for the report and financial statements

The Board is responsible for preparing the report and financial statements in accordance with applicable law and regulations.

Company law in the United Kingdom requires the Board to prepare financial statements for each financial year. Under that law the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). Under company law, the Board members 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 surplus or deficit of the company for that period.

In preparing these financial statements the Board is required to:

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

Report of the Directors

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and which disclose with reasonable accuracy at any time the financial position of the company and enable it to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In so far as each of the Directors is aware:

- there is no relevant audit information of which the company's auditors are unaware; and

- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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

Annual General Meeting

The annual general meeting will be held on 27 September 2018.

The report of the Board was approved by the Board on 25 July 2018 and signed on its behalf by

Stephen Stringer
Chair of the Board
25 July 2018

Operating and Financial Review and Strategic Report

Objectives and Strategy

The Company's three year corporate strategy "Bigger, Better, Bolder" covering the period from 2017 to 2020 became effective in April 2017 and is designed to help build on the successes to date by meeting the needs of our customers now and into the future. The strategy is based around three themes:

- Providing more homes for those in housing need
- Making sure our services match the needs of current and future residents
- Embracing new opportunities and innovative ideas.

It recognises that innovative forward-thinking approaches are needed to counter the increasing challenges faced; the way affordable housing is delivered and managed is changing fast and the company seeks to be flexible and able to move with the times.

Four strategic objectives support this strategy:

To run an effective and efficient business with long term viability
The company seeks to continue to be a financially strong and well run business focussed on delivering high levels of customer service. This will be achieved through effective governance, visible leadership and a positively engaged workforce. Our goal is to develop and improve systems and processes to create a leaner more innovative organisation that delivers value for money services.

To provide flexible and accessible services based on our social purpose
Our goal is to offer a service that meets the diverse needs of our customers. By listening to customer feedback and through improved use of data we seek to meet our social purpose by providing effective landlord and focussed discretionary services. We will also continue to support sustainability of tenancies.

To invest in our communities and assets
Our objective is to provide high quality housing, improve the quality of life for our residents and create thriving communities. We will seek to maintain and make best use of our asset base to maximise the return from our property portfolio. We will invest in local communities and work with our partners to develop and deliver social value for our residents while maintaining a focus on achieving a beneficial return on our investments.

To increase our supply of housing to people in need
Our objective is to achieve the maximum sustainable increase in the number of affordable homes provided by the Trust. During the timeframe of this strategy, the Trust will both deliver new homes and prepare for future sustained growth through an increase in commercial activity to provide subsidy, securing future funding and ensuring an appropriate corporate structure for growth.

A number of projects were set up to deliver the strategic objectives and these have been reviewed regularly, with updates reported to Board twice a year.

Operating and Financial Review and Strategic Report

Performance summary

The company remains committed to providing services that represent value for money (VfM) for residents and to delivering continuous improvement in the quality and range of homes and services. The economic environment and increasing demand continue to put increased emphasis on value. The capacity of the company to achieve future growth is partly affected by its ability to achieve increased efficiency in its operations.

The company aims to maintain its focus on efficiency but without compromising on service. Overall customer satisfaction at 91.4% maintained its upper quartile level in the year with high levels of service continuing to be targeted in the future.

The surplus for the year is £10.6 million, an increase of £3.5 million from the previous year, and this will be used to support the company's expanding development programme and continued investment in the maintenance of existing homes. During the year the company invested £10.9 million in developing new affordable homes, completing 107 units, with a further 84 properties under construction. In the next 2 years the target is to complete 393 new homes.

The company's four business strategies are concerned with the effective management of key resources and driving continual improvement in services. As such value for money improvement remains a key focus. This review highlights our performance through a range of value for money metrics before summarising some of the company's future VfM plans for improvement.

Monitoring and assurance

The company's decision making process requires new initiatives to be properly evaluated, to be aligned with the corporate objectives, to meet customers' expectations and to be fully considered at appropriate levels.

Understanding and monitoring performance allows the company to be aware of progress towards the stated goals and to implement corrective action should variances be identified. The company has several processes in place for monitoring VfM performance, for understanding the costs of delivering specific services and to provide assurance to the Board on VfM delivery which include:

- The setting of targets annually for Key Performance Indicators (KPIs) that support the company's aspiration for upper quartile performance within its peer group supported by a monthly update to senior management on performance against the targeted KPI, with a quarterly update to Board.

- An annual KPI review to ensure that the performance information reported remains focused on continuous business improvement.

- Benchmarking the company's performance against a peer group of similar sized registered providers, making use of Housemark data.

Operating and Financial Review and Strategic Report

- Detailed monthly management reporting that highlights financial performance compared to budget.
- Regular reporting to senior management and annually to Board of the company's VfM performance against plan.
- Regular reporting to senior management and Board of the company's progress against the delivery of its strategies.

Value for Money Performance

Our Value for Money performance and achievements for the year are summarised below through a suite of metrics and trend analysis. Areas for improvement are highlighted with our future plans to address the identified shortcomings covered in a later section.

Value for Money is achieved when the agreed services are delivered in the most cost effective way; as summarised in the following sections, 2017/18 service levels have generally maintained their upper quartile performance and have been complemented by a reduction in the corresponding cost ratios.

Value for Money Metrics

The Value for Money Metrics as defined by the regulator are set out in the following table and compared with the 2017/18 target, the previous two years' results and the upper quartile performance of the benchmark group against which the company measures itself.

Value for Money Metrics	Actual 2015/6	Actual 2016/7	Actual 2017/8	Target 2017/18	Upper Quartile 2016/17
Reinvestment %	4.4%	6.3%	4.5%	8.8%	12.1%
New Supply delivered %	0.6%	0.9%	1.4%	2.5%	2.8%
Gearing %	42.2%	41.4%	40.7%	41.0%	39.5%
Earnings before Interest, Tax, Depreciation and Amortisation (EBITDA)	181.9%	259.3%	311.0%	255.0%	339.2%
Social Housing Cost per Unit	£4,078	£3,944	£3,509	£4,018	£3,203
Operating Margin Social Housing	14.7%	22.8%	28.4%	24.0%	35.8%
Operating Margin Overall	16.6%	23.4%	28.4%	24.0%	35.8%
Return on capital employed	2.7%	3.7%	4.7%	3.9%	4.5%

A generally improving performance for the year has been achieved across the suite of VfM metrics reported above.

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New supply delivered has improved over the previous year, although there have been less completions than anticipated during the year. These units remain in progress and will be completed in future years.

An 8.5% reduction in social housing cost per unit (SHCPU) this year has been achieved through a continued focus on efficiency in routine and planned maintenance costs, saving over £1.1 million. There was a £2.8 million reduction in the improvement works expenditure year on year. However at £3,509, SHCPU remains above the peer group upper quartile level of £3,203.

During the year the company started to bring a number of its improvement programme works in house to reduce cost and improve quality. In addition the Asset Management lean review undertaken this year has identified efficiency savings of over £100,000 that will impact in 2018/19. The reduction in cost this year gives rise to corresponding improvements in EBITDA, operating margin, and return on capital employed.

KPI Performance Metrics
As VfM is achieved when the agreed services are delivered in the most cost effective way, the company monitors additional VfM performance measures. These are shown in the table below and are also compared with the 2017/18 target, the previous two years' results and the upper quartile performance of the benchmark group.

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Key Performance Indicator	Actual 2015/6	Actual 2016/7	Actual 2017/8	Target 2017/18	Upper Quartile 2016/17
Percentage of tenants satisfied with the company's overall service	90.6%	91.8%	91.4%	90.0%	89.2%
Percentage of tenants satisfied with the repairs and maintenance service	82.3%	84.4%	85.9%	82.0%	84.4%
Percentage of tenants who are satisfied the services provided represent Value for Money	89.1%	91.4%	92.4%	85.0%	86.5%
Percentage of tenants satisfied with their neighbourhood as a place to live	90.3%	89.3%	88.7%	90.0%	88.8%
Direct cost per Property of Responsive Repairs	£367.05	£334.34	£312.73	£332.00	£333.00
Direct cost per Property of Repairs to Empty Properties	£153.97	£158.86	£142.92	£164.00	£132.00
Calendar Days taken to re-let Empty Properties	18	20	18.8	20	19
Direct cost Per Property of Estate Services	£121.81	£136.61	£132.19	£144.00	£133.00
Rent Arrears excluding Housing Benefit as % of rent due.	1.04%	1.09%	1.01%	1.50%	1.45%
Void Loss as % Rent due	0.54%	0.79%	0.77%	0.70%	0.54%

Overall service satisfaction remains in the upper quartile for the peer group at 91.4%. Service level KPIs (the first four indicators) are generally ahead of target with the exception of neighbourhood satisfaction which remains slightly below target for the year with concerns expressed over car parking, the state of neighbours gardens and anti-social behaviour.

The company's investment in mobile technology and systems continues and has supported an improvement in resident satisfaction with the responsive repairs and maintenance service from 84.4% to 85.9% coupled with an overall saving in repairs costs of £212,000 in the year. Further improvements in both performance and cost are targeted in future years as the benefits of the upgraded housing management system materialise.
The percentage of tenants who are satisfied their rent provides value for money has improved again in 2017/18. Customers continue to demonstrate an awareness of the market conditions for renting properties and the value when compared to the costs of renting privately.

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The calendar days taken to relet empty properties has improved this year and remains in the upper quartile performance. This result together with the reduction in the associated costs highlights the continued success of the cross functional working between the teams delivering the related services. A new process around the pre inspection and work allocation of minor voids has improved efficiency and reduced the time taken for clearances and cleans.

The company balances the overall impact of void costs with associated rent loss and turnaround times in trying to deliver the most effective service. It is recognised that there is still scope for improvement particularly when comparing the cost performance results within the peer group.
Rent Arrears excluding Housing Benefit improved to achieve upper quartile performance at 1.0%. The implementation of new software has contributed towards this result and will aid our preparation for Universal Credit which is due for full roll out from September 2018. Customers continue to be supported through welfare referrals and assistance from external agencies.

The recently introduced value for money metrics are embedded within the Board scorecard for 2018/19 and will provide regular and timely evidence of VfM progress.

Future value for money plans
The company's Bigger, Better, Bolder corporate strategy covering the period from 2017 to 2020 recognises the challenges ahead. The company wants to ensure it keeps pace with the changing expectations and to be fit for purpose for the future. The strategy supports the provision of safe, secure homes where our customers will feel part of a community.

Offering real value for money, whilst continually improving the services provided is the driving force behind the being "Better" agenda. The company has started the preparatory work for a significant piece of customer insight research to be commissioned in 2018 that will help tailor future service delivery.

A change to a new larger peer group of 28 housing associations based in the east, south east, south west and London regions with 5,000 to 10,000 stock units has been approved with effect from April 2018. Our targets against this peer group are reflected in the table below:

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Value for Money Metrics	Actual 2017/18	Target 2018/19	Average Peer Group 2016/17
Reinvestment %	4.5%	6.6%	8.0%
New Supply delivered %	1.4%	1.2%	2.8%
Gearing %	40.7%	40.0%	47.0%
Earnings before Interest, Tax, Depreciation and Amortisation. (EBITDA)	311.0%	289.0%	218.0%
Social Housing Cost per Unit (SHCPU)	£3,509	£3,944	£3,595
Operating Margin Social Housing	28.4%	20.1%	35.8%
Operating Margin Overall	28.4%	21.5%	33.0%
Return on capital employed	4.7%	3.4%	4.5%

Future Value for Money plans reflected within our strategy, our frameworks and financial plans include:

- The provision of 500 new affordable homes by March 2020 to support the company's growth and to help meet the housing needs in the area.

- The full implementation of an upgraded housing management system which will offer improved digital services to our customers together with improved efficiency through the potential to increase the use of technology within the Trust.

- The determination and implementation of an appropriate business structure to allow the cost effective development of new homes for sale and so provide increased funding for stock development in the core business.

- Increases in planned improvement works and costs to support strategic initiatives which seek to improve services and provide for future growth are the main contributors towards the higher 2018/19 SHCPU target of £3,944. Changes to the provision of planned improvement works are being considered in 2018/19 including bringing the replacement of key components in line with up to date life expectancies and similar programmes. An average saving per annum of over £700,000 is anticipated, but not yet reflected within the target.

- Conducting a Resident Perception and Aspiration Research Survey; tenants and Leaseholders have been notified that this is planned to take place during the summer of 2018. The survey will provide important insight into the expectations and needs of our customers that will inform our strategy beyond 2020.

- Reviewing the way we work with tenants to enable them to have effective input, particularly in the area of scrutiny.

- A new Thriving Communities Fund to provide up to £250,000 per annum and aims to benefit communities and improve their wellbeing by enabling them to participate in a wide variety of cultural, sporting and social activities. This will also support and equip services for those most in need.

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Enhanced VfM performance will deliver improvements to the company financially, to its residents in quality of service and provide additional funding capacity for new developments and initiatives. The Board will continue to focus on improving Value for Money throughout the company's operations. Feedback from resident surveys, resident groups and the Tenant Scrutiny Panel together with performance monitoring, benchmarking and review will provide assurance and inform future improvement plans.

Risks and uncertainties

The main risks that may prevent the company achieving its objectives are regularly considered and reviewed by the senior management team and Board. The major risks to the successful achievement of the company's objectives are considered in the following table.

Key risk	Status	Strategic objective
Government action impacting future income, asset valuations and funding	Political uncertainty will be monitored in particular in relation to Brexit negotiations, the housing Green Paper and funding availability and the likely economic and regulatory risks to the corporate strategy considered in future risk mapping. The impact of the annual rent reductions through to 2020 is fully reflected in the business plan with its associated mitigating actions.	Run an effective and efficient business
Changes to the welfare benefits system	The Welfare Reform Group continues to oversee the impact of the rollout of Universal Credit and has an ongoing action plan to mitigate it. The increased use of automation and technology within the rents team allows more time for the rent advisors to deal personally with those who need help. The additional resources in the Welfare and Rent teams have been maintained. Resident training is available on a range of topics. The business plan has been reviewed and stress tested.	Run an effective and efficient business Provide flexible and accessible services based on our social purpose Investing in our communities and assets.

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Key risk	Status	Strategic objective
Failure to deliver our development programme	Regular review of the development programme with oversight by the Development and Assets Committee which comprises several Board Members. Progress updates communicated regularly with the Homes and Communities Agency Funding facility is in place which supports development in the latest business plan.	Increase our supply of housing to people in need
Poor governance or management	Rigorous processes are followed in the recruitment of the Chair, Board members and Executive Directors. Regular appraisal of Board Members and analysis of training and development needs informs training programme. Governance framework is reviewed regularly. Skills gaps considered in the recruitment of new Board Members. Comprehensive induction programme is provided for Board Members. Audit & Risk Committee in place with oversight of delegated authorities and an annual internal audit programme. Adopted NHF Code of Governance.	Run an effective and efficient business
Failure to comply with health and safety and statutory obligations as a landlord and employer.	Health & Safety Manager in post. Health & Safety Policy is in place and subject to regular review. A Health & Safety Steering Group meets regularly to review performance against the agreed H&S action plan. Independent audit checks and accreditations are undertaken on key services. Clear ownership and accountability exists for each statutory service. Regular KPI monitoring in place. See also fire safety paragraph below.	Run an effective and efficient business

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Key risk	Status	Strategic objective
Failure to recruit and retain quality staff and managers	Salaries and terms and conditions are benchmarked. Investment in training and development. Regular staff engagement surveys. Active Employee Consultative Committee.	Run an effective and efficient business
Rise in final salary pension scheme liabilities becomes unaffordable	Business plan adopts differential rates of inflation for income and cost. Varying cost inflation rates applied to different cost elements within the plan Scenario test reflects the impact of changes to inflation rates	Run an effective and efficient business

Fire Safety

Following the tragic events at Grenfell Tower, the Trust reviewed all of its flats and confirmed that fire risk assessments were up to date. Our stock contains 99 blocks of flats, all but one of which are below 18 metres high. The latter block is partly clad in aluminium composite material. Following Grenfell, new fire risk assessments were carried out on this block, by both the Trust and by the freeholder; further actions were recommended which have been implemented. The Trust has worked with Buckinghamshire Fire and Rescue Services on the fire safety and evacuation procedure in place for the building to ensure appropriate measures have been put in place.

In addition there is also a programme to install or replace smoke detectors in all properties and a fire door review and replacement programme including consulting with leaseholders.

Operating and Financial Review and Strategic Report

Financial Position

The company has prepared financial statements for the year to 31 March 2018 under the financial reporting standard (FRS102).

The statement of comprehensive income on page 25 shows a surplus of £10.6 million for the year (2017: £7.1 million). This surplus is after capitalising £2.2 million of improvement expenditure (2017: £2.7 million). This financial performance is within the business plan parameters and the company has met the lender's covenants. The turnover for the year was £45.2 million (2017: £45.1 million).

The Statement of Financial Position is shown on page 27. The company expects a surplus in the next financial year in accordance with the company's approved business plan. The company has loan facilities in place which cover the activity within this business plan.

Accounting policies

The company's principal accounting policies are set out on pages 29 to 36 of the financial statements and have been approved by the Audit & Risk Committee. The policies that are most critical to the financial results relate to accounting for housing properties and include housing property depreciation. As required by the financial reporting standard the accounting policies provide information in relation to critical judgements and estimates.

Housing properties

At 31 March 2018 the company managed 7,560 (2017: 7,481) housing properties for rent of which it owned 7,442 (2017: 7,372) and held 118 (2017: 109) under long leases. Housing properties were carried in the statement of financial position at 31 March 2018 at cost (after depreciation) of £289.8 million (2017: £283.6 million). The Board appointed Savills as external professional valuers to carry out an annual valuation of the company's properties for security purposes as at 31 March 2018. The value on an Existing Use Value - Social Housing basis was £343.2 million (2017: £336.0 million).

Reserves

After transfer of the surplus for the year of £10.6 million (2017: £7.1 million) and the actuarial gain of the pension scheme of £1.5 million (2017: loss £2.8 million), at the year end the reserves amount to £153.4 million (2017: £141.2 million).

Pension costs

The company participates in four pension schemes, two of which are closed to new members and two of which are open. The schemes open to new entrants are with the Social Housing Pension Scheme (SHPS) and comprise a Career Average Revalued Earnings (CARE) structure and a defined contribution structure which is used for pension auto-enrolment. The schemes closed to new entrants are final salary pension schemes; one with SHPS and the other with Buckinghamshire County Council Pension Fund. The company has contributed to the defined benefit schemes in accordance with levels set by the actuaries, of between 7.6% and 16.9%. The actuaries continue to review these levels. The company contributes 6% to the defined contribution scheme.

Operating and Financial Review and Strategic Report

Capital structure and treasury policy

The company has £175.6 million of loan facilities arranged with Barclays Bank plc of which £123.5 million was drawn at 31 March 2018. The facilities include £40 million which is repayable in 2021, with the remainder repayable between 2021 and 2036.

The company is risk averse with respect to its treasury policy and endeavours to have a mix of fixed and variable interest rates for its drawn funds. The policy is to review the proposed mix annually. At 31 March 2018, 68% of borrowings were at fixed rates of interest ranging from 4.8% to 5.3%.

The company borrows and invests only in sterling and so is not exposed to currency risk.

Cashflows

Cash inflows and outflows during the year are shown in the Statement of Cashflows (page 28). The net cash generated from operating activities for the year to 31 March 2018 was £15.1 million (2017: £19.1 million). This is after charging £13.7 million (2017: £17.2 million) on works to existing properties to the statement of comprehensive income. After £13.1 million (2017: £19.0 million) spend on new fixed assets, predominantly housing, and a net increase in loans drawn of £3.5 million (2017: net repayment of £14.3 million) there was a net increase in cash of £3.1 million (2017: decrease £16.9 million).

Future Developments

Projections indicate that borrowings will increase to around £165 million in the next two years as the company progresses towards its target of 500 new homes. The capacity to develop properties comes in part from cross subsidy from shared ownership sales and partly from grant funding from the Homes and Communities Agency and Aylesbury Vale District Council. The company has secured grant funding allocations against 19 units in the HCA 2016-21 Shared Ownership and Affordable Homes programme. The projected borrowing requirement will be funded from the existing loan facility. The company is reviewing its development aspiration beyond 2020 and also its corporate structure to enable the development of properties for market sale with a view to generating some subsidy towards the future delivery of affordable homes.

Operating and Financial Review and Strategic Report

Statement of Compliance

In preparing this Operating and Financial Review and Strategic Report, the Board has followed the principles set out in the Statement of Recommended Practice: Accounting by Registered Social Housing Providers.

In approving the Operating and Financial Review, the Directors are also approving the Strategic Report in their capacity as directors of the company.

The Operating and Financial Review and the Strategic Report were approved by the Board on 25 July 2018 and signed on its behalf by:

Stephen Stringer
Chair of the Board
25 July 2018

Independent Auditor's Report to the Members of Vale of Aylesbury Housing Trust Ltd

We have audited the financial statements of Vale of Aylesbury Housing Trust Limited for the year ended 31 March 2018 which comprise the Statement of Comprehensive Income, Statement of Changes in Reserves, Statement of Financial Position and Statement of Cashflows and the 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 charitable company's affairs as at 31 March 2018 and of its surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We have been appointed as auditor under the Companies Act 2006 and report in accordance with regulations made under that Act. 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 sections of our report. We are independent of the charitable company in accordance with the ethical requirements that are relevant to our audit of financial statements in the UK, including the FRC's Ethical Standard, 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.

Who we are reporting to

This report is made solely to the charitable 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 charitable 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 charitable company and the charitable company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Conclusions relating to going concern

We have nothing to report in respect of the following matters to which the ISAs (UK) requires us to report to you where:

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate;

Independent Auditor's Report to the Members of Vale of Aylesbury Housing Trust Ltd

- the Board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the charitable company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information
The Board is responsible for the other information. The other information comprises the information included in the Annual Report, set out on pages 3 to 21 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.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken during the course of the audit:

- the information given in the Strategic Report and the Report of the Directors and the operating and financial review and strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Board of the Directors has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report under the Companies Act 2006
In the light of the knowledge and understanding of the charitable company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report or the Report of the Board of Directors.

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

Independent Auditor's Report to the Members of Vale of Aylesbury Housing Trust Ltd

- we have not received all the information and explanations we require for our audit.

Respective responsibilities of the Board for the financial statements
As explained more fully in the Statement of Board's Responsibilities as set out on page 7, the Board is 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 Board 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 Board is responsible for assessing the charitable 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 Board either intend to liquidate the charitable 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. This description forms part of our auditor's report.

David Newstead
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Cambridge
England

25 July 2018

Statement of Comprehensive Income

For the year ended 31 March 2018

	Note	2018	2017
		£'000	£'000
Turnover	3	45,238	45,086
Operating costs	3	(32,385)	(34,534)
Operating surplus		12,853	10,552
Surplus/(Deficit) on sale of fixed assets	6	1,255	(59)
Interest receivable and other income	7	8	138
Interest payable and similar charges	8	(4,940)	(4,838)
Exceptional item	13	520	-
Fair value movements	15	925	1,350
Surplus on ordinary activities before taxation		10,621	7,143
Taxation		(6)	-
Surplus for the financial year		10,615	7,143
Actuarial gain/(loss) on defined benefit pension scheme	10	1,538	(2,825)
Total comprehensive income for the year		12,153	4,318

The company's results relate wholly to continuing activities.

The financial statements were approved by the Board on 25 July 2018 and signed on its behalf by:

Stephen Stringer
Chair of the Board

Stephen Bright
Board Member

The accompanying notes on pages 29 to 61 form part of these financial statements.

Statement of Changes in Reserves

For the year ended 31 March 2018

	Income and expenditure reserve £'000	Revaluation reserve £'000	Total £'000
Balance as at 1 April 2016	9,614	127,314	136,928
Total comprehensive income for the year	4,318	-	4,318
Release of revaluation reserve on disposal	630	(630)	-
Balance at 31 March 2017	14,562	126,684	141,246
Total comprehensive income for the year	12,153	-	12,153
Release of revaluation reserve on disposal	512	(512)	-
Balance at 31 March 2018	27,227	126,172	153,399

The accompanying notes on pages 29 to 61 form part of these financial statements.

Statement of Financial Position

At 31 March 2018

	Note	2018	2017
		£'000	**£'000**
Fixed assets			
Intangible fixed assets	12	257	213
Tangible fixed assets - housing properties	13	289,836	283,643
Tangible fixed assets - other	14	5,334	5,550
Investment properties	15	7,175	6,250
		302,602	295,656
Current assets			
Properties held for sale	16	1,488	1,285
Trade and other debtors	17	2,166	2,129
Cash and cash equivalents		4,340	1,226
		7,994	4,640
Creditors: Amounts falling due within one year	18	(8,529)	(13,419)
Net current liabilities		(535)	(8,779)
Total assets less current liabilities		302,067	286,877
Creditors: Amounts falling due after more than one year	19	(136,330)	(132,620)
Net pension liability	10	(12,338)	(13,011)
Total non-current liabilities		(148,668)	(145,631)
Total net assets		153,399	141,246
Capital and reserves			
Income and expenditure reserve		27,227	14,562
Revaluation reserve		126,172	126,684
		153,399	141,246

Registered company number 05438914

The financial statements were approved by the Board on 25 July 2018 and signed on its behalf by:

Stephen Stringer
Chair of the Board

Stephen Bright
Board Member

The accompanying notes on pages 29 to 61 form part of these financial statements.

Statement of Cashflows

For the year ended 31 March 2018

	Note	2018	2017
		£'000	**£'000**
Net cash generated from operating activities	24	15,061	19,077
Cashflow from investing activities			
Purchase of tangible fixed assets		(13,052)	(18,979)
Proceeds from sale of tangible fixed assets		2,314	1,190
Grants received		213	895
Interest received		7	65
		(10,518)	(16,829)
Cashflow from financing activities			
Interest paid		(4,929)	(4,889)
New secured loans		5,100	3,000
Repayment of borrowings		(1,600)	(17,250)
		(1,429)	(19,139)
Net change in cash and cash equivalents		3,114	(16,891)
Cash and cash equivalents at the beginning of the year		1,226	18,117
Cash and cash equivalents at the end of the year		4,340	1,226

The accompanying notes on pages 29 to 61 form part of these financial statements.

Notes to the Financial Statements

1. Legal status

The company is registered under the Companies Act 2006 as a company limited by guarantee and is a registered housing provider. It is also a registered charity.

2. Accounting policies

Basis of accounting

The financial statements are prepared in accordance with UK Generally Accepted Accounting Principles (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2014: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2015.

Going concern

The company's business activities, its current financial position and factors likely to affect its future development are set out within the Strategic Report. The company has in place long and medium term debt facilities which provide adequate resources to finance a committed reinvestment and development programme, along with the company's day to day operations. The company also has a long-term business plan which shows that it is able to service its debt facilities whilst continuing to comply with the lender's covenants.

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

Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made are set out below.

Significant management judgements

The following are the significant management judgements made in applying the accounting policies that have the most significant effect on the financial statements.

Capitalisation of Property Development costs

Distinguishing the point at which a project is more likely than not to continue, allowing capitalisation of associated development costs requires judgement. After capitalisation management monitors the asset and considers whether changes indicate that impairment is required. The total amount capitalised in the year was £2.2m (2017 - £2.7 million).

Notes to the Financial Statements

2. Accounting policies (continued)

Categorisation of Housing Properties

The categorisation of housing properties as investment properties or property, plant and equipment based on the use of the asset requires judgement.

Financial Instruments

The company has reviewed its loan agreement and classified the loan as a 'Basic' financial instrument. We consider fixed rate debt with two-way early redemption indemnity clauses to be held for the long term as per treasury strategy and to be non speculative. In addition the commercial substance of the transaction is neutral to the lender such that should a prepayment event occur the full principal and interest will be due and no economic benefit will accrue to the Association. This satisfies the 'Basic' requirements as set out in Paragraph 11.9 of FRS 102.

Estimation Uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components, Accumulated depreciation at 31 March 2018 was £28.5 million (2017 - £22.5 million).

Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in Note 10). The liability at 31 March 2018 was £12.3 million (2017 - £13.0 million).

Allocation of value to land, structure and components

Value is split between components, land and structure: the land value is allocated first, then the component value and the remainder is allocated to structure. Value has been attributed to land and components based on cost.

Investment properties

Investment properties are professionally valued using a discounted cashflow method with a discount rate of 5.50 to 5.75% over assumed CPI inflation rate of 2.0%.

Notes to the Financial Statements

2. Accounting policies (continued)

Rental and other trade receivables

The estimate for receivables relates to the recoverability of the balances outstanding at year end. A review is performed on outstanding debts to consider whether each debt is recoverable.

Turnover and revenue recognition

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

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting, net of any voids. Income from first tranche sales is recognised at the point of legal completion of the sale. Revenue grants are recognised when the conditions for receipt of agreed grant funding have been met. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

Value Added Tax

The Company charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the company and not recoverable from HM Revenue & Customs. The balance of VAT payable/recoverable at the year-end is included as a current liability/asset.

Interest payable

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

a) interest on borrowings specifically financing the development programme after deduction of social housing grant received in advance; or

b) a fair amount of interest on borrowings of the company as a whole after deduction of social housing grant received in advance to the extent that they can be deemed to be financing the development programme.

Other interest payable is charged to the statement of comprehensive income in the year.

Financial Instruments

Financial instruments which meet the criteria of a basic financial instruments as defined in Section 11 of FRS 102 are accounted for under an amortised historic cost model.

Basic financial instruments are recognised at amortised historic cost.

Notes to the Financial Statements

2. Accounting policies (continued)

Debtors
Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Creditors
Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Employee Benefits
Short-term employee benefits and contributions to defined contribution plans are recognised as an expense in the period in which they are incurred.

Pension costs
The company participates in two pension schemes; the Social Housing Pension Scheme (SHPS) and the Buckinghamshire County Council Pension Fund (BCCPF). Within the Social Housing Pension Scheme, the company operates three benefit structures: two defined benefit and one defined contribution. The BCCPF and the SHPS final salary structure are closed to new entrants. The benefit structures open to new entrants are SHPS Career Average Revalued Earnings and SHPS defined contribution scheme.

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

Contributions payable from the company to SHPS under the terms of its funding agreement for past deficits are recognised as a liability in the company's financial statements.

For the BCCPF, the operating costs of providing retirement benefits to participating employees are recognised in the accounting periods in which the benefits are earned. The related finance costs, expected return on assets and any other changes in fair value of the assets and liabilities, are recognised in the accounting period in which they arise. The operating costs, finance costs, and expected return on assets are recognised in the statement of comprehensive income with any other changes in fair value of assets and liabilities being recognised in the statement of total recognised surpluses and deficits.

Notes to the Financial Statements

2. Accounting policies (continued)

Housing Properties

Housing properties are properties available for rent, and properties subject to shared ownership leases.

The company applied a transitional relief available under FRS 102 to revalue housing properties transferred from the council in 2006 at the date of transition (1 April 2014) and to hold this value as 'deemed cost'. Completed housing properties are stated at deemed cost less depreciation. All properties developed or purchased subsequent to transfer, are held at cost less depreciation. The cost is the cost of acquired properties, land, development costs, interest and improvements. Works to existing properties which replace a component that has been treated separately for depreciation purposes are capitalised as improvements.

The cost of shared ownership properties is stated net of first tranche sales proceeds. Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover, and the remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for depreciation.

Investment properties

Investment properties consist of commercial properties and other properties including garages not held for the social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently at fair value as at the year end, with changes in fair value recognised in the statement of comprehensive income.

Government grants

Government grants include grants receivable from the Homes & Communities Agency (HCA), local authorities, and other government organisations. Government grants received for housing properties are recognised in income over the useful life of the housing property structure and, where applicable, its individual components (excluding land) under the accruals model.

Grants relating to revenue are recognised in the statement of comprehensive income over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received.

Grants due from government organisations or received in advance are included as current assets or liabilities.

Government grants received for housing properties are subordinated to the repayment of loans by agreement with the HCA. Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a Recycled Capital Grant Fund and included in the statement of financial position in creditors.

Notes to the Financial Statements

2. Accounting policies (continued)

Government grants (continued)

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised through the statement of comprehensive income.

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to the statement of comprehensive income. Upon disposal of the associated property, the company is required to recycle these proceeds and recognise them as a liability.

Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the company is recognised only when these conditions are met. A grant received before the revenue recognition criteria is satisfied is recognised as a liability.

Depreciation of housing properties

The company separately identifies the major components which comprise its housing properties, and charges depreciation, so as to write-down the cost of each component to its estimated residual value, on a straight line basis, over its estimated useful economic life. Freehold land is not depreciated.

The company depreciates the major components of its housing properties over their expected useful lives on the following basis:

Structure	125 years
Roofs	50 years
Kitchens	20 years
Bathrooms	30 years
Central Heating	20 years
Windows and Doors	30 years
Lifts	30 years

Leasehold properties are amortised over the life of the lease or their estimated useful economic lives in the business, if shorter.

Notes to the Financial Statements

2. Accounting policies (continued)

Impairment

Housing properties are assessed annually for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the asset's carrying amount to its recoverable amount. Where the carrying amount of an asset is deemed to exceed its recoverable amount, the asset is written down to its recoverable amount, this is likely to be the value in use of the asset based on its service potential. The resulting impairment loss is recognised as expenditure in the statement of comprehensive income. Where an asset is currently deemed not to be providing service potential to the company, its recoverable amount is its fair value less costs to sell.

Intangible assets

Depreciation is provided evenly on the cost of intangible assets, to write them down to their estimated residual values over their expected useful lives.

Computer software is depreciated over 2 to 4 years.

Other tangible fixed assets

Depreciation is provided evenly on the cost of other tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land.

Assets are depreciated over the periods shown below:

Freehold buildings - offices	50 years
Freehold premises improvement	10 to 20 years
Fixtures, fittings and equipment – Photovoltaic panels	25 years
Fixtures, fittings and equipment – other	5 to 10 years
Computer equipment	4 years
Motor vehicles	4 years

Leased assets

Rentals payable under operating leases are charged to the statement of comprehensive account on a straight line basis over the terms of the leases.

Loan finance issue costs

Issue costs of long and medium term finance are deducted from the amount of loan drawn down. This cost is charged to the statement of comprehensive income evenly over the period of the loan.

Properties for sale

Shared ownership first tranche sales, completed properties for outright sale and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Notes to the Financial Statements

2. Accounting policies (continued)

Provisions for liabilities

Provisions are recognised when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that the company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

Where the effect of the time value of money is material, the amount expected to be required to settle the obligation is recognised at present value using a discount rate. The unwinding of the discount is recognised as a finance cost in the statement of comprehensive income in the period it arises.

The company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period, and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary cost payable for the period of absence.

Exceptional Items

Items are treated as exceptional in the Statement of Comprehensive Income, where they are material and do not occur in the normal course of business.

Right to Buy

Under the terms of the transfer agreement, some of the proceeds from Right to Buy sales are shared with the Aylesbury Vale District Council. On completion of a Right to Buy sale contract, the share of the proceeds receivable by the company are credited to the statement of comprehensive income.

Reserves

The company establishes *restricted reserves* for specific purposes where their use is subject to external restrictions

Revaluation Reserve

The difference on transition to FRS 102 accounting between the fair value of social housing properties transferred from AVDC and the historical cost carrying value is credited to the revaluation reserve.

Notes to the Financial Statements

3. Turnover, cost of sales, operating costs and operating surplus

	2018 Turnover £'000	2018 Operating costs £'000	2018 Operating surplus £'000	2017 Operating (deficit) /surplus £'000
Social housing lettings	42,126	(30,181)	11,945	9,583
Lettings	1,134	(735)	399	374
Sale of 1st Tranche Shared Ownership	1,006	(700)	306	446
Leasehold	748	(617)	131	158
Other	224	(152)	72	64
Community Chest	-	-	-	(73)
	3,112	(2,204)	908	969
Total	45,238	(32,385)	12,853	10,552

Notes to the Financial Statements

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

Particulars of income and expenditure from social housing lettings

	2018 General needs housing £'000	2018 Housing for older people £'000	2018 Low cost home ownership £'000	2018 Total £'000	2017 Total £'000
Rent receivable net of identifiable service charges	36,895	2,812	268	39,975	39,817
Service income	951	510	16	1,477	1,665
Charges for support services	-	244	-	244	202
Other revenue grants	430	-	-	430	403
Turnover from social housing lettings	**38,276**	**3,566**	**284**	**42,126**	**42,087**
Management	8,445	787	64	9,296	7,971
Services	816	498	-	1,314	1,653
Routine maintenance	7,441	693	-	8,134	7,917
Planned maintenance	1,000	-	-	1,000	1,901
Major repairs expenditure	4,304	275	-	4,579	7,364
Bad debts	169	16	-	185	158
Depreciation of housing properties	5,292	335	46	5,673	5,540
Operating costs on social housing lettings	**27,467**	**2,604**	**110**	**30,181**	**32,504**
Operating surplus on social housing lettings	**10,809**	**962**	**174**	**11,945**	**9,583**
Void losses	**295**	**27**	**-**	**322**	**328**

Notes to the Financial Statements

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

Particulars of turnover from non-social housing lettings

	2018	2017
	£'000	£'000
Shops	199	196
Garages	894	757
Other	41	40
	1,134	993

4. Accommodation in management

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

	2018	2017
	No.	No.
Social housing		
General housing	6,851	6,781
Supported housing and housing for older people	591	591
	7,442	7,372
Low cost home ownership	118	109
Total social housing owned and managed	7,560	7,481
Non-social housing		
Leasehold properties	639	634
Commercial	43	43
Garages	1,949	1,959
Total non- social housing	2,631	2,636
Total owned and managed	10,191	10,117
Accommodation in development at the year end	84	100

Notes to the Financial Statements

5. Operating Surplus

This is arrived at after charging:

	2018 £'000	2017 £'000
Depreciation of intangible assets	119	108
Depreciation of housing properties	5,767	5,540
Depreciation of other tangible fixed assets	616	661
Amortisation of grants	(116)	(112)
Operating lease rentals		
- vehicles	9	11
- other	9	4
Auditors' remuneration (excluding VAT)		
- for audit services	30	30
- for other assurance services	8	8
- for other services	2	2

6. Surplus/(Deficit) on sale of fixed assets

	2018 £'000	2017 £'000
Housing Properties - Disposal proceeds	2,313	1,190
Housing Properties - Carrying value of fixed assets	(1,058)	(1,249)
	1,255	(59)

7. Interest receivable and other income

	2018 £'000	2017 £'000
Bank interest	8	13
Other income	-	125
	8	138

8. Interest and financing costs

	2018 £'000	2017 £'000
Defined Benefit Pension Charge	360	359
Loans and bank overdrafts	4,933	4,946
Other loan and security costs	83	165
	5,376	5,470
Less Interest payable capitalised on housing properties under construction	(436)	(632)
	4,940	4,838
Capitalisation rate used to determine the finance costs capitalised during the period	3.7%	3.8%

Notes to the Financial Statements

9. Employees

Average monthly number of employees expressed in full time equivalents (calculated based on a standard working week of 38 hours for Direct Labour Operatives and 37 hours for all other staff):

	2018 No.	2017 No.
Direct labour operatives	59	54
Other	189	191
	248	245

Employee costs:

	2018 £'000	2017 £'000
Wages and salaries	8,921	8,708
Social security costs	928	910
Other pension costs	885	856
	10,734	10,474

The table below details the full time equivalent number of staff and Directors whose remuneration for the year falls within each salary band (excluding pension contributions but including benefits in kind):

	2018 No.	2017 No.
£60,001 - £70,000	1	3
£70,001 - £80,000	6	4
£80,001 - £90,000	1	1
£110,001 - £120,000	1	3
£120,001 - £130,000	2	1
£160,001 - £170,000	1	1

The company's employees are either members of the Buckinghamshire County Council Pension Fund (BCCPF), or of the Social Housing Pension Schemes (SHPS), or have not joined a pension scheme. Further information on each scheme is shown in note 10.

The company paid contributions at the rate of 6.0% to 13.2% during the accounting period. Member contributions vary between 3.0% and 11.4%. The cost to the company during the year was £910,000 for an average of 215 employees (2017: £877,000 for 190 employees).

The company's best estimate of contributions to be paid to the schemes for the next accounting period is £930,000.

Notes to the Financial Statements

10. Pension Schemes

Social Housing Pension Scheme (SHPS)

The company participates in the scheme, a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2014. This actuarial valuation showed assets of £3,123 million, liabilities of £4,446 million and a deficit of £1,323 million. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid, in combination from all employers, to the scheme as follows:

Deficit contributions	
From 1 April 2016 to 30 September 2020:	£40.6 million per annum (payable monthly and increasing by 4.7% each year on 1 April)
From 1 April 2016 to 30 September 2023:	£28.6 million per annum (payable monthly and increasing by 4.7% each year on 1 April)
From 1 April 2016 to 30 September 2026:	£32.7 million per annum (payable monthly and increasing by 3.0% each year on 1 April)
From 1 April 2016 to 30 September 2026:	£31.7 million per annum (payable monthly and increasing by 3.0% each year on 1 April)

The scheme's previous valuation was carried out with an effective date at 30 September 2011. This actuarial valuation showed assets of £2,062 million, liabilities of £3,097 million and a deficit of £1,035 million.

Notes to the Financial Statements

10. Pension Schemes (continued)

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present value of provision

	31 March 2018 £'000	31 March 2017 £'000
Present value of provision	154	171

Reconciliation of opening and closing provisions

	31 March 2018 £'000	31 March 2017 £'000
Provision at start of period	171	178
Unwinding of the discount factor (interest expense)	3	3
Deficit contribution paid	(17)	(16)
Remeasurements – impact of any change in assumptions	(3)	6
Provision at end of period	154	171

Statement of Comprehensive Income impact

	31 March 2018 £'000	31 March 2017 £'000
Interest expense	3	3
Remeasurements – impact of any change in assumptions	(3)	6
Contributions paid in respect of future service	366	329
Costs recognised in the statement of comprehensive income	366	329

Notes to the Financial Statements

10. Pension Schemes (continued)

Assumptions

	31 March 2018 % per annum	31 March 2017 % per annum
Rate of discount	1.72	1.33

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

Deficit contributions schedule

Year ending	31 March 2018 £'000	31 March 2017 £'000
Year 1	17	17
Year 2	18	17
Year 3	18	18
Year 4	19	18
Year 5	20	19
Year 6	20	20
Year 7	21	20
Year 8	21	21
Year 9	11	21
Year 10	-	11

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the statement of comprehensive income, i.e. the unwinding of the discount rate, as a finance cost in the period in which it arises.

It is these contributions that have been used to derive the company's statement of financial position liability.

Notes to the Financial Statements

10. Pension Schemes (continued)

Buckinghamshire County Council Pension Fund (BCCPF)

The BCCPF is a multi-employer scheme, administered by Buckinghamshire County Council under the regulations governing the Local Government Pension Scheme, a defined benefit scheme. The most recent formal actuarial valuation was completed as at 31 March 2016.

The scheme is closed to new entrants. The employers' contributions to the BCCPF by the company for the year ended 31 March 2018 were £523,000 (2017: £527,000) at a contribution rate of 13.2% of pensionable salaries together with an annual deficit payment of £98,000 (2017: £170,000).

Assumptions

The main financial assumptions used by the actuary were:

Assumptions as at:	31 March 2018	31 March 2017
	% p.a.	% p.a.
Salary increases	3.8	4.2
Pension increases	2.3	2.7
Discount rate	2.55	2.8

Mortality assumptions

The assumed life expectancy from age 65:

	2018 Years	2017 Years
Retiring today		
Males	24.0	23.9
Females	26.1	26.0
Retiring in 20 years		
Males	26.2	26.1
Females	28.4	28.3

Notes to the Financial Statements

10. Pension Schemes (continued)

Sensitivity analysis

The following table sets out the impact of a small change in the discount rates on the defined benefit obligation and projected service cost with a +/- 1 year age rating adjustment to the mortality assumption.

	£'000	£'000	£'000
Adjustment to discount rate	+0.1%	0%	-0.1%
Present value of defined benefit obligation	30,617	31,285	31,968
Projected service cost	876	897	918
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of defined benefit obligation	32,395	31,285	30,214
Projected service cost	926	897	869

Amounts recognised in surplus:

	2018 £'000	2017 £'000
Current service cost	1,013	742
Administration expenses	17	11
Amounts charged to operating costs	**1,030**	**753**

	2018 £'000	2017 £'000
Net interest	357	356
Amounts charged to other finance costs	**357**	**356**

Remeasurements in other comprehensive income:

	Year to 31 March 2018 £'000	Year to 31 March 2017 £'000
Return on fund assets in excess of interest	527	1,974
Other actuarial gains on assets	-	947
Change in financial assumptions	1,011	(6,093)
Change in demographic assumptions	-	97
Experience gain on defined benefit obligation	-	250
Remeasurement of the defined liability	**1,538**	**(2,825)**

Notes to the Financial Statements

10. Pension Schemes (continued)

Net pension liability as at:

	31 March 2018 £'000	31 March 2017 £'000
Present value of funded obligation	31,285	30,869
Fair value of scheme assets (bid value)	(18,947)	(17,858)
Net Liability	**12,338**	**13,011**

Reconciliation of opening and closing balances of the present value of scheme liabilities

	31 March 2018 £'000	31 March 2017 £'000
Opening defined benefit obligation	30,869	24,123
Service cost	1,013	736
Interest cost	858	905
Change in financial assumptions	(1,011)	6,093
Change in demographic assumptions	-	(97)
Experience gain on defined benefit obligation	-	(250)
Estimated benefits paid (net of transfers in)	(635)	(848)
Past service costs including curtailments	-	6
Contributions by scheme participants	191	201
Closing defined benefit obligation	31,285	30,869

Notes to the Financial Statements

10. Pension Schemes (continued)

Reconciliation of opening and closing balances of the fair value of fund assets

	2018 £'000	2017 £'000
Opening fair value of scheme assets	17,858	14,519
Interest on assets	501	549
Return on assets less interest	527	1,974
Other actuarial gains	-	947
Administration expenses	(17)	(11)
Contributions by employer including unfunded benefits	522	527
Contributions by scheme participants	191	201
Estimated benefits paid including unfunded benefits	(635)	(848)
Closing fair value of scheme assets	18,947	17,858

The total return on the fund assets for the year to 31 March 2018 is £1,028,000.

Major categories of plan assets as a percentage of total plan assets

Employer Asset Share	31 March 2018 £'000	%	31 March 2017 £'000	%
Equities	10,681	56	10,067	56
Gilts	1,728	9	2,105	12
Other Bonds	2,467	13	2,185	12
Property	1,364	7	1,363	8
Cash	723	4	606	3
Alternative Assets	202	1	215	1
Hedge Funds	898	5	651	4
Absolute Return Portfolio	884	5	666	4
Total	18,947	100%	17,858	100%

Notes to the Financial Statements

11. Board Members and Executive Directors

Aggregate emoluments payable to key management personnel

For the purposes of this note, key management personnel are defined as Board members and the Executive Officers of the company (i.e. Chief Executive, Director of Finance and Resources, Director of Housing and Community Services, Director of Property and Development and in 2017, Director of People and Performance).

Aggregate emoluments payable to key management personnel (including pension contributions and benefits in kind)

	2018 £'000	2017 £'000
Amounts payable to executive staff	613	738
Amounts payable to non-executive Board members	61	56
	674	794

Included within the payments to executive staff in 2017 is an amount of £30,000 in relation to loss of office. The emoluments of the highest paid director, the Chief Executive, excluding pension contributions, were £170,000 (2017: £165,000).

The Chief Executive is a member of the Social Housing Pension Scheme. He is an ordinary member of the pension scheme and no enhanced or special terms apply. The company does not make any further contribution to an individual pension arrangement for the Chief Executive.

Non-executive Board members are paid but are not members of the pension scheme. Their emoluments for the year are:

Chair	£11,583
Chair of Committee	£6,545
Board member	£4,608

The members of the Board are listed on Page 1 of the Report and Financial Statements.

In addition, Board members have claimed the following expenses during the year:

	2018 £	2017 £
Expenses reimbursed to Board members	4,416	3,116

Notes to the Financial Statements

12. Intangible assets

	Software
	£'000
Cost	
At 1 April 2017	2,176
Additions	163
At 31 March 2018	2,339
Depreciation	
At 1 April 2017	1,963
Charged in year	119
At 31 March 2018	2,082
NBV	
At 31 March 2018	257
At 31 March 2017	213

Notes to the Financial Statements

13. Tangible fixed assets – properties

Housing properties	Social housing properties held for letting	Housing properties for letting under construction	Non-social housing properties held for letting	Total
	£'000	£'000	£'000	£'000
Cost				
At 1 April 2017	287,152	10,080	6,496	303,728
Additions	-	10,863	-	10,863
Works to existing properties	2,161	-	-	2,161
Schemes completed	15,053	(16,077)	1,024	-
Disposals	(1,152)	-	-	(1,152)
At 31 March 2018	303,214	4,866	7,520	315,600
Depreciation and impairment				
At 1 April 2017	19,320	-	765	20,085
Charged in year	5,722	-	45	5,767
Released on disposal	(88)	-	-	(88)
At 31 March 2018	24,954	-	810	25,764
NBV				
At 31 March 2018	278,260	4,866	6,710	289,836
At 31 March 2017	267,832	10,080	5,731	283,643

Notes to the Financial Statements

13. Tangible fixed assets – properties (continued)

Expenditure on works to existing properties

	2018 £'000	2017 £'000
Amounts capitalised	2,204	2,701
Amounts charged to the statement of comprehensive income	13,711	17,182
Total	15,915	19,883

Housing properties book value, net of depreciation:

	2018 £'000	2017 £'000
Freehold land and buildings	282,507	276,216
Leasehold land and Buildings	7,329	7,427
	289,836	283,643

Included in the cost of tangible fixed assets is £2.0 million (2017: £1.6 million) in respect of capitalised finance costs.

Exceptional Item

The exceptional item recognised in the Statement of Comprehensive Income is an insurance receipt for £520k, which relates to a property which previously incurred an impairment charge.

Notes to the Financial Statements

14. Tangible fixed assets – other

	Freehold Offices £'000	Furniture fixtures and fittings £'000	Computers £'000	Scheme & depot equipment £'000	Motor Vehicles £'000	Total £'000
Cost						
At 1 April 2017	4,514	276	1,272	2,291	1,067	9,420
Additions	-	-	285	115	-	400
Disposals	-	-	-	(10)	-	(10)
At 31 March 2018	4,514	276	1,557	2,396	1,067	9,810
Depreciation						
At 1 April 2017	1,302	272	1,031	432	833	3,870
Charged in year	217	4	87	211	97	616
Released on disposal	-	-	-	(10)	-	(10)
At 31 March 2017	1,519	276	1,118	633	930	4,476
Net book value						
At 31 March 2018	2,995	-	439	1,763	137	5,334
At 31 March 2017	3,212	4	241	1,859	234	5,550

Notes to the Financial Statements

15. Investment properties

The company's investment properties are valued annually on 31 March at fair value, determined by an independent, professionally qualified valuer. The valuations were undertaken in accordance with the Royal Institute of Chartered Surveyors' Appraisal and Valuation Manual.

Investment properties are valued using a discounted cashflow method with a discount rate of between 5.50% and 5.75% real (2017: 7%) over assumed CPI inflation rate of 2.0% (2017: 2.5%).

The gain on revaluation of investment property arising of £925,000 has been charged to the statement of comprehensive income.

	2018 £'000	**2017 £'000**
1 April	6,250	4,900
Fair value movement	925	1,350
31 March	7,175	6,250

16. Properties for sale

Shared ownership properties	**2018 £'000**	**2017 £'000**
Completed properties	507	600
Work in progress	981	685
	1,488	1,285

Notes to the Financial Statements

17. Debtors

Due within one year	2018 £'000	2017 £'000
Rent and service charges receivable	1,460	1,548
Less: Provision for bad and doubtful debts	(455)	(527)
	1,005	1,021
Other debtors	399	312
VAT receivable	-	9
Prepayments and accrued income	762	787
	2,166	2,129

18. Creditors: amounts falling due within one year

	2018 £'000	2017 £'000
Trade creditors	748	1,975
Rent and service charges received in advance	794	840
Vat payable	22	-
Community Chest creditor	3	59
Home Starter Fund creditor	14	8
Deferred capital grant	120	118
Other Taxation and Social Security	231	233
Disposal Proceeds Fund	166	-
Other creditors	2,511	3,235
Accruals and deferred income	3,920	6,951
	8,529	13,419

The Community Chest creditor of £3,000 and the Home Starter Fund creditor of £14,000 are offset by equal amounts included in the cash balance shown in the Statement of Financial Position.

Notes to the Financial Statements

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

	Note	2018 £'000	2017 £'000
Debt	22	122,220	118,644
Recycled Capital Grant Fund	20	91	-
Disposal Proceeds Fund	21	-	165
Unpaid contribution for retirement benefits	30	148	167
Deferred capital grant	23	13,871	13,644
		136,330	132,620

20. Recycled capital grant fund

	Note	2018 £'000	2017 £'000
At 1 April		-	-
Grants recycled		91	-
At 31 March		91	-

The grants have been recycled into this fund, following property sales under both the preserved Right to Buy and the Right to Acquire.

21. Disposals Proceeds Fund

	Note	2018 £'000	2017 £'000
At 1 April		165	165
Interest accrued		1	-
At 31 March		166	165

Notes to the Financial Statements

22. Debt analysis

	2018	2017
	£'000	£'000
Due after more than one year		
Bank loans due between two and five years	14,845	6,427
Bank loans due in five years or more	107,375	112,217
	122,220	118,644
Bank loans	123,500	120,000
Loan Issue Costs	(1,280)	(1,356)
Total	122,220	118,644

Security

The bank loans are secured by a fixed charge over the company's properties. In addition there is a floating charge over the assets of the company in favour of the security trustee.

Terms of repayment and interest rates

The interest on the long term bank loan is paid in quarterly instalments over the life of the loan and the principal will be repaid on a phased basis from 2021 to 2035. The long term bank loan is at a mix of fixed and variable rates of interest ranging from 0.58% to 5.52%.

At 31 March 2018 the company had undrawn loan facilities of £52.1 million (2017: £55.6 million).

Notes to the Financial Statements

23. Deferred capital grant

	2018 £'000	2017 £'000
At 1 April	13,762	12,979
Grant received in the year	432	895
Grant disposed of in the year	(87)	
Released to income in the year	(116)	(112)
At 31 March	13,991	13,762

	2018 £'000	2017 £'000
Amounts to be released within one year	120	118
Amounts to be released in more than one year	13,871	13,644
	13,991	13,762

24. Reconciliation of operating surplus to net cash inflow from operating activities

	2018 £'000	2017 £'000
Surplus on Ordinary activities before taxation	10,621	7,143
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	6,502	6,309
Amortisation of grants	(116)	(112)
Fair value movements	(925)	(1,350)
Interest receivable	(8)	(138)
Interest payable	4,940	4,838
Surplus on sales of assets	(1,255)	59
Community Chest	-	73
Working capital movements	19,759	16,822
Debtors	(243)	(528)
Creditors	(4,455)	2,783
Net cash inflow from operating activities	15,061	19,077

Notes to the Financial Statements

25. Capital commitments

Expenditure contracted for but not provided in the accounts was £12,439,000 (2017: £14,165,000).

Expenditure authorised by the Board but not contracted was £50,000 (2017: £2,897,000).

The above commitments will be financed through borrowings which are available for draw down under existing arrangements.

26. Leasing commitments

The total future minimum payments of leases are as set out below. Leases relate to printers, vans and electric car batteries.

	2018 **£'000**	**2017** **£'000**
Within one year	10	13
Between one and five years	10	19

27. Contingent liabilities

The company had no contingent liabilities at 31 March 2017 (2017: nil).

28. Related parties

During the year there were five tenant members of the Board: John Balshaw, David Briercliffe, Julian Blundell-Thompson, Kelly Webster and Renata Hedley. Their tenancies are on normal commercial terms and as such their position does not afford them any additional benefits compared with other tenants.

During the year Councillors of Aylesbury Vale District Council; Steven Lambert, Angela Macpherson and Kevin Hewson served on the Board. All transactions made with the Local Authority were made at arms length on normal commercial terms; members cannot use their position to their advantage.

Notes to the Financial Statements

29. Financial Instruments

The company's financial instruments may be analysed as follows:

	2018 £'000	2017 £'000
Financial assets		
Financial assets measured at historical cost		
- Trade receivables	1,005	1,021
- Other receivables	1,161	1,108
- Cash and cash equivalents	4,340	1,226
Total financial assets	6,506	3,355
Financial liabilities		
Financial liabilities measured at amortised cost		
- Loans payable	122,220	118,644
- Capital Grant	13,991	13,762
Financial liabilities measured at historical cost		
- Trade creditors	748	1,975
- Other creditors	7,900	11,658
Total financial liabilities	144,859	146,039

Borrowing facilities

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

	2018 £'000	2017 £'000
Expiring in more than two years	122,220	118,644

Notes to the Financial Statements

30. Provisions for liabilities – other provisions

	SHPS Obligation £000	Leave pay £000	Total £000
At 1 April 2017	167	87	254
Additions	-	98	98
Utilised	(19)	(87)	(106)
At 31 March 2018	148	98	246

The leave pay provision represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.

The SHPS obligation is referred to in note 10. The provision is based on the net present value of payments agreed at the year end.