

Company No: 5438914

**VALE OF AYLESBURY
HOUSING TRUST LTD**
Report and Financial Statements
Year ended 31 March 2015

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Board, Executive Directors, Advisors and Bankers

Board

Richard Stanway-Williams
Vijay Patel
Aziz Rahim
David Briercliffe
Steven Lambert
John Balshaw
John Morley
Catherine O'Sullivan
Julian Blundell-Thompson
Michael Rand
Gavin Kingham (resigned 18 July 2015)
Lisa Smith (resigned 29 May 2014)

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

Director of People and
Performance Kate Russell

Company Secretary Linda Foster

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Registered number Company number 5438914
Homes and Community Agency Registration L4473
Charity Commission Registration 1114504

Board, Executive Directors, Advisors and Bankers

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Operating and Financial Review and Strategic Report

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 2015. 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 2015, the company provided 7,374 homes (2014: 7,325).

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.

The housing properties acquired from Aylesbury Vale District Council had significant investment needs and since transfer the company has been investing in the housing stock to achieve an agreed quality standard. The company continues to meet the Decent Homes Standard and in effect provides a standard which exceeds Decent Homes to its tenants through an ongoing programme of planned and cyclical works.

In addition, the company committed to regenerating a number of areas and has completed three of the four schemes with the fourth due to complete during 2015. The company is committed to ensuring that its communities will be sustainable in the longer term.

Objectives and Strategy

The company's vision 'homes for living, communities for life' was launched in 2012 together with updated values and strategic objectives. This was shaped by the Board, employees, residents and stakeholders and the company aims to be a leader in its field by living its values and delivering its strategic objectives. The company's values are to be customer focused, expert in all we do and open minded and innovative.

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The company implemented a streamlined strategic planning framework from April 2014. The framework enables the company to better communicate what it does both internally and externally and helps teams work more effectively together. Following discussions with the company's Board, residents, employees and stakeholders, six new strategies were launched in April 2014. Each strategy links directly to one of our six strategic objectives, which are as follows:

- Taking Pride in our Services;
- Providing Quality Affordable Homes and Services;
- Investing in our Neighbourhoods and Communities,
- Positively Engaging with our Residents;
- Being a Great Employer; and
- Effectively Managing the Business.

The strategies for each of these objectives are supported by delivery plans and related policies and procedures. This framework aims to ensure the company moves towards achieving its vision in a consistent and transparent way, and that it is clear about where resources need to be directed to make things happen.

During the year, the company has monitored its performance against its strategic objectives. A number of projects were set up to deliver the strategic objectives and these are reviewed regularly, with updates reported to Board twice a year. Value for Money is considered under each strategic objective heading within the Value for Money section of this report.

Value for Money

The Corporate Strategy sets out the company's vision "homes for living, communities for life". This focuses not only on the effective provision of affordable housing to the Vale of Aylesbury but also on investing in its neighbourhoods and communities to increase value to its tenants.

The company remains committed to providing services that represent value for money for residents and to delivering continuous improvement in the quality and range of homes and services. Demand is increasing yet resources remain limited.

The current economic environment puts increased emphasis on value. The company's six business strategies have value for money at their centre and the resultant delivery plans include projects to drive this forward.

The strategic framework launched in April 2014 includes four strategies with a focus on customer service. Resident input was central to the formulation of these strategies and included a resident summit arranged to review and input specifically into their content.

Operating and Financial Review and Strategic Report

The capacity of the company to achieve future growth is directly affected by its ability to achieve increased efficiency in its operations. The strategy Effectively Managing the Business centres on value for money and is concerned with the effective management of key resources and driving continual improvement in services. During the year the Trust formalised a Value for Money Framework to detail the basis of its approach to achieving and monitoring Value for Money.

This Value for Money (VfM) review contains sections which set out the company's overall approach to delivering VfM, including overviews on its decision making framework, monitoring and assurance processes and its approach to asset management. The review then goes on to demonstrate some of the key achievements implemented this year under each of the strategic objectives before summarising some of the VfM plans targeted for the future.

Decision making framework

Effective decision making allows resources to be properly allocated and supports the delivery of VfM. Knowing the impacts of decisions whether they be improved services or cost reductions allows priorities to be set and agreement to be reached. The company's decision making process requires new initiatives to be properly evaluated, to be aligned with its company's corporate objectives, to meet customers' expectations and to be fully considered at appropriate levels. Elements include:

- An established framework of policies and strategies which are aligned with corporate objectives and provide a consistent basis to develop continuous improvement plans.
- Independent customer satisfaction feedback coupled with resident involvement and scrutiny which allows customer views to be regularly considered in setting improvement plans.
- A rolling Business Improvement Plan, with responsibilities clearly defined, that is aligned with the corporate objectives.
- A common language for Value for Money which promotes six dimensions of value, and enables sponsors to consider all aspects of value when supporting their funding and resource requests.
- The approval at Executive Management and Board level of significant new projects and initiatives ensuring that their VfM impact is considered.
- The setting of targets for Key Performance Indicators (KPI) annually for a three year period with reference to actual performance and benchmarking information.
- Availability of business case and project planning templates to support the assessment and implementation of initiatives.

Monitoring and assurance

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Understanding and monitoring performance allows the company to be aware of progress and to implement corrective action should variances be identified. Performance management and scrutiny functions should be effective at driving and delivering improved VfM. The company has several processes in place for monitoring VfM performance, for understanding the costs of delivering specific services and to provide assurance to Board on VfM delivery which include:

- Benchmarking of the company's performance against other similar sized registered providers with the adoption of annual targets for KPIs that support the company's aspiration for upper quartile performance.
- 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.
- Regular scrutiny of services through the Tenant Scrutiny Panel (TSP) supported by a KPI scorecard for the TSP with regular reporting against targets.
- Detailed monthly management reporting that highlights financial performance to budget.
- Regular reporting to senior management and annually to Board of the company's VfM performance against plan.
- Post evaluation reviews to monitor actual performance against that planned for major projects.
- Regular reporting to senior management and Board of the company's performance against the delivery and business improvement plans and thereby the delivery of its strategies.

Asset management

The company owns 7,286 homes which are let to people in housing need including 591 units dedicated to supported housing and housing for older people. In addition the company has 88 shared ownership properties, 2,063 garages and a small number of commercial units all located within the Vale of Aylesbury. Investing in the housing stock is a fundamental part of our business as it not only ensures that we have quality homes available to rent but it maintains the value of the assets against which finance to build new homes may be raised.

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The return on assets calculation, detailed in the table below, highlights the financial return achieved from the investments made in our assets which are mainly the homes provided to our residents. An improving trend is evidenced over the past three years based on the surplus for the year before financing costs compared to the investment made in them.

Return on Assets £'000	Actual 2012/3	Actual 2013/4	Actual 2014/5	Target 2015/6
Surplus for the year before financing costs	7,652	8,672	10,266	11,262
Average Net Asset Value	117,467	123,879	133,151	141,135
Return on Assets	6.51%	7.00%	7.71%	7.98%

The company's Asset Management Framework supports the strategy for providing quality homes and services. It outlines the approach to ensuring that homes are fit for purpose and are ones in which current and future tenants want to live. It is focused on maintaining homes to an agreed standard, improving the energy efficiency of the stock, improving neighbourhoods and the provision of an effective repairs service. This framework permits effective targeting of resources to where they can have the greatest impact in raising standards and delivering value for money. It describes the parameters within which decisions are made about improvement and investment programmes and seeks to provide an understanding of the sustainability of the stock.

Effective asset management is vital in achieving value for money and planning for the long term renewal of stock to meet business plan objectives. A strategic review of the company's assets is being undertaken that will provide updated stock profiling data and allow poor performing assets with low net present value and energy efficiency (SAP) ratings to be identified and appropriate action plans to be developed regarding future use.

A comprehensive stock condition database is maintained, from which a 5 year programme for investment through major repairs and improvements is developed. Details from the stock condition database feed into the company's long term business plan to ensure funding requirements are adequately provisioned.

A stock appraisal model is maintained which assesses the financial performance of each individual property in the context of future maintenance and improvement programmes. The model calculates performance using a net present value methodology and allows a ranking of assets in terms of their financial return. The company has used this model to identify assets with low financial returns and as a benchmark to assess the effectiveness of its approach to Asset Management.

A financial appraisal is undertaken on major voids before works are approved to ensure that the return on investment does not adversely impact the company's overall financial performance. A financial appraisal is carried out for those voids with poor financial returns to evaluate alternative uses or disposal options.

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Requests for aids and adaptations are closely monitored such that use of existing adapted stock is maximised and recommendations are properly evaluated. The Trust has saved £146,000 this year by moving residents in need of adaptations to alternative stock that is vacant and has been previously adapted and by ensuring adaptations are scoped appropriately to meet needs.

New developments are subject to a review of their projected financial performance prior to their approval, in accordance with a Board approved procedure which is reviewed annually.

The company's business plan is aligned with the strategy Providing Quality Affordable Homes & Services and identifies the resources required to develop new stock and enhance our existing homes.

Performance and Achievements

Value for money seeks to achieve improved service, improved efficiency, social value benefits and financial savings. In 2014/15 efficiency gains in excess of £600,000 have been achieved. These are detailed more fully in the appropriate sections elsewhere in the report but include increased rental income of £180,000 from a reduction in empty property relet times, a cash gain of £113,000 from improved rent arrears management, an additional £146,000 capacity for aids and adaptations through more effective management, and a reduction in the year of £165,000 in repairs and planned maintenance cost.

The company uses HouseMark data to benchmark its performance against other organisations within the LSVT Southern 2,500-7,500 properties peer group. The benchmarking data allows a comparison of eight key services in terms of cost and performance.

The table below shows our performance across these services for 2013/14, the most recent year for which the summary HouseMark data is currently available and the trend compared to the previous year.

Service	Performance		Cost	
	2013/14	Trend	2013/14	Trend
Responsive Repairs and Void Works	Poor	↓	Median	↓
Major Works and Cyclical Maintenance	High	↔	High	↔
Lettings	Poor	↔	Low	↓
Rent Arrears & Collection	High	↑	High	↑
Tenancy Management	High	↑	High	↑
Anti Social Behaviour	Poor	↔	Low	↔
Resident Involvement	High	↔	Low	↓
Estate Services	High	↔	Low	↔

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To better reflect current performance the following table details a selection of relevant VfM measures for these services for 2014/15 which are compared to prior years' results and the upper quartile benchmark performance.

Key Performance Indicator	Actual 2012/3	Actual 2013/4	Actual 2014/5	Upper Quartile
Percentage of tenants satisfied with the company's overall service	87.0%	89.0%	84.9%	89.6%
Percentage of tenants who are satisfied the services provided represent Value for Money	89.6%	84.2%	86.9%	86.1%
Percentage of tenants satisfied with their neighbourhood as a place to live	91.7%	91.0%	90.6%	88.4%
Direct cost per Property of Responsive Repairs ¹	£343.20	£318.94	£364.88	£346.48
Direct cost per Property of Repairs to Empty Properties	£173.64	£169.83	£172.17	£113.98
Calendar Days taken to re-let Empty Properties	32	46	22	20
Direct cost Per Property of Estate Services	£107.09	£127.98	£145.62	£126.77
Rent Arrears excluding Housing Benefit as % of rent due.	1.56%	1.29%	1.00%	1.79%

¹ 2014/15 includes gas repair costs previously excluded

Overall satisfaction with service fell in the year to 84.9% and was particularly impacted by a downturn in performance in satisfaction with the repairs service which fell to 79.6% from 82.8%. Feedback from customer surveys indicates a need to focus on better communication and management of expectations and several initiatives, highlighted through the report, are underway to improve performance.

In consultation with residents, changes were made during the second half of the year to the way the repairs service is delivered. Responsive repairs have been simplified into two categories; emergencies and appointments, appointment slots have been changed from 5 to 3 per day and regional based working has been introduced. These changes have simplified communication and will have contributed to the improved repairs performance of 83.3% achieved in the last quarter of 2014/15.

Repairs and planned maintenance costs were forecast to be reduced by approximately £300,000 in 2014/15 due to a combination of bringing gas servicing in house, area based working and contractor expenditure reductions. The overall improvement of £165,000 fell short of the target and was impacted by higher levels of sickness absence and cost of materials as van stocks were enhanced for the gas team. It is anticipated this shortfall will be recovered this year.

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There was a significant increase in fencing and roofing repairs following the bad weather during the previous winter and it took longer than anticipated to complete these repairs. Additional funding was allocated to fencing repairs during the year which will have also contributed to the service improvement in the last quarter.

Major works costs continue to be impacted by the last of the regeneration projects committed to within our offer promises.

Lettings performance has improved significantly over the past year from 46 days in March 2014 to 22 days in March 2015. During the year the company undertook a Lean Systems Review of the whole lettings process and this has had a significant impact on reducing re-let times and improving customer satisfaction. The introduction of weekly advertising on Bucks Home Choice and daily tenancy start dates has also contributed to a more streamlined service, quicker turnaround times and reduced rental losses. At the same time, and in consultation with residents, a revised relet standard relating to void repair works was introduced. The new standard will provide the basis for improved communication with the customer and ensure expectations are better aligned.

The percentage of tenants who are satisfied their rent provides value for money has improved in 2014/15. Customers have demonstrated an awareness of the market conditions for renting properties and the value when compared to the costs of renting privately.

Rent arrears continue to improve despite the increasing challenges posed by welfare reform. The additional resource introduced last year together with improved efficiency through better use of technology has supported this strong performance and improved cash collection by £113,000 in the year.

The company's approach to anti-social behaviour is being supported by the rollout of Community Investment Plans. This will result in investment in those areas that really do matter to local communities and will therefore positively impact the performance in future years for this key service area. During 2014/15 the first Community Investment Plan for the North area was completed.

Significant improvements have been achieved for Resident Involvement by delivering a diverse range of activities to increase representation of residents. Costs are now within the median of the benchmarked group.

Estate Services costs have increased during 2014/15 and include one off essential remedial tree works following the completion of a tree survey in the previous year. Moving forwards, this work will result in improved asset management and reduced risk and costs.

There have been numerous VfM achievements in the year and these reflect a combination, in varying degrees, of service improvement, social impact and cost reduction. The following sections highlight some of the key achievements under each of the strategic objective headings.

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Taking Pride in Our Services

Customer satisfaction remains a priority with the recently launched transformation programme, called “Be the Difference”, focused on improved customer service. During 2014/15 customer service training was rolled out across the organisation in order to help embed a customer focused culture to influence perceptions, attitudes and behaviours for all employees.

The Customer Service Commitments were refreshed during the year with input from residents. They outline exactly what customers can expect from the company, as well as what the company expects of them. They make sure that a consistent approach to delivering good service is achieved and have a suite of Key Performance Indicators (KPI) associated with their delivery.

The customer contact centre is an accredited member of the Customer Contact Association and is the key point of contact for residents. Whilst the development of digital access channels continues, there is an awareness that customers have stated their preferred communication method is contact either by telephone or in person and that they appreciate the personal nature of this approach. The reception area has been enhanced through the introduction of private computer booths for resident’s use.

Other initiatives expanded upon during the year to support the Taking Pride in Our Services strategy include:

- The complaints handling service has been re-accredited by HouseMark which gives confidence in the company’s ability, even when things don’t go to plan, to provide a positive experience for the customer.
- The Welfare Advice Team continues to offer advice and support to residents, providing help on budgeting and money management. During the year 992 residents benefited from their support and are now in a better position to meet their financial obligations. The team are also working closely with other local providers to develop a job club within Aylesbury to support the local community in obtaining employment through workshops that include CV writing and interview skills.
- The new building cleaning contract commenced in April 2014. This contract merged three previous cleaning contracts and the final clean on vacant properties into one new agreement. This ensures a more consistent approach and accountability. Customer satisfaction with the cleaning of communal areas has reached 87.5% against 78% in the prior year.
- The text messaging service has been enhanced. The range of information available has been increased to include account balance enquiry. Uptake has been very positive and the service is expanding to neighbourhood management and gas servicing to enable routine appointments to be made and acknowledged via text messaging.

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Providing Quality Affordable Homes & Services

The company aims to ensure that its homes are sustainable, affordable, energy efficient and are healthy, safe places to live. To achieve this, investment programmes must be well considered to meet potential future changes in demographics, demand for homes and the aspirations of customers.

Resident satisfaction with the quality of their home has decreased from 86.2% in March 2014 to 85.2% this year. Focus has been renewed on providing more timely communication regarding start and finish dates for works to address the issues identified in customer feedback.

Responsive repairs and maintenance is a priority service for residents. The company's service fell in 2015 with 79.6% of residents satisfied with the repairs service, down from 83.7% in the previous year. The company has continued to invest in all aspects of the service and particularly in mobile technology, computer systems and materials scheduling in order to improve performance and to align the service standards to what residents want. Improved performance in the last quarter of 2014/15 of 83.3% reflects the benefits of this investment and other changes in process that have been introduced and indicates that performance is recovering.

The company invests significantly in property improvements to ensure the long term sustainability of its assets, and has maintained 100% compliance with the Decent Homes Standard. In fact the company works to a standard which exceeds that of decent homes, referred to as Decent Homes Plus, through an ongoing programme of planned and cyclical works. The programme included fitting 211 new bathrooms and 213 new kitchens, installing 124 new central heating systems, 75 rewires and 196 roofs this year.

The company's final regeneration scheme, Walton Court, which was identified within the stock transfer agreement with Aylesbury Vale District Council, has progressed well during the year with a number of key milestones being met, including 20 new residential properties completed by the end of December 2014. This is a challenging and complex scheme being carried out with residents in situ and it remains on course to be completed in the summer of 2015.

A priority for the company is the provision of new affordable homes with 108 new homes completed and handed over during 2014/15. Another 126 affordable homes are in progress and are on target to be handed over during 2015/16. Through membership of the Guinness Development Partnership consortium the company has successfully secured all expected grant from the Homes and Communities Agency to support new developments.

Within the development programme the company continues to appraise alternative uses of its garage sites as part of its active asset management. This year 35 of the new homes delivered were located in rural villages and were built on previously underused garage sites which has both improved asset utilisation and the look of the neighbourhood. Further such developments are planned next year.

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Further actions undertaken this year to support the strategy of Providing Quality Affordable Homes and Services include:

- The inclusion of energy efficiency measures within the investment programme which include loft and cavity wall insulation and energy efficient boilers. These improvements increase the energy efficiency of properties resulting in lower fuel bills for residents, fewer repairs associated with condensation and increased life expectancy of the stock.
- The company continues to invest in renewable energy and regularly fits solar panels on its new developments. These reduce residents' energy costs, improve the company's environmental footprint and provide additional income for the company with £102,000 received to date through feed in tariff refunds.
- The adoption of affordable rent levels on new developments and an approved level of existing stock has generated additional rent premium of £340,000 in the year to support our approved development programme.
- The disposal of two poorly performing properties where the significant level of investment required was not financially viable. In addition the company has completed the sale of some small strips of land that are not suitable for development and would have an ongoing maintenance cost. Additional proceeds help to support the provision of new housing.
- The marketing of gas servicing to leaseholders with a small number taking up the service to date. The company will continue to explore how other services can be provided for the benefit of its leaseholders.

Investing in Our Neighbourhoods & Communities

Many of the company's improvements do not offer clearly measurable financial gains but contribute significantly to the overall wellbeing of the local community. This "Social Value" is an important element in Value for Money delivery. Research into formal calculation methods of social value continues but the company is keen to balance the cost and benefits of such methods and will continue to seek an efficient mechanism to determine social value. As such, investments that add social value still tend to be supported by an outline of the benefits that will arise.

Investment is made in local communities through the Community Safety and Environmental Improvement Funds, totalling £300,000 per annum. Focus in the year has continued on deterring anti-social behaviour by improving fencing, lighting and parking arrangements, together with enhancements to the environment such as tree planting.

Resident surveys for the last year confirm that 90.6% are satisfied with their neighbourhood as a place to live. This maintains the strong performance from previous years and remains in the upper quartile for similar organisations.

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Investment in the community caretaking team continues to ensure that the company's housing estates and flatted properties are clean, safe and attractive environments. The caretaking team works closely with the new building cleaning contractor and this is achieving a number of positive outcomes for residents. In addition the grounds maintenance contract which is now in its third year continues to perform to a high standard resulting in high levels of customer satisfaction being achieved.

The Investing in our Neighbourhoods and Communities strategy seeks to establish a climate where residents take pride in their environment, reducing incidents of anti-social behaviour (ASB) and preventing the emergence of ASB in and around properties managed by the company. The delivery of this Strategy is supported by a revised and robust approach to dealing with ASB with over 250 cases handled during the year.

Other initiatives introduced this year in support of the Investing in our Neighbourhoods and Communities strategy include:

- Joint support with Aylesbury Vale District Council of the Community Chest, which during the year has provided £500,000 of funding for local projects. These include many volunteering and sports activities which improve the neighbourhood and community. A recent impact analysis has shown that over two million people have benefitted from the Community Chest awards.
- The Tuition Plus programme, which provides extra tuition support and coaching to residents' children who are approaching the 11 plus examination. The initiative increases their understanding of core subjects, improves their confidence and supports their preparation for secondary education. It is well received by parents and children, with 252 children having completed the programme since it started.
- Support of the local radio's Community Challenge which is now in its second year. Last year's project to build an urban farm at a local school providing specialist support for 11 to 19 year olds with communication and interaction needs, was officially opened in April 2014. This year a project to renovate a kitchen shared by two local charities was completed with the support of contractors.
- The company continues to support "Men in Sheds" which provides men who have experienced life changing events such as redundancy, retirement, bereavement, ill-health or social isolation a place to meet, be productive and get involved in their local community. The group have relocated to larger premises and continue to offer support across the community.
- Local employment and training opportunities continue to be supported by the company's apprenticeship scheme. Three apprentices are now fully qualified and employed in full time positions within the company with another due to qualify during the year. Two apprentice carpenters and two Housing Officer Apprentices have been recruited this year. The 2015 budget contains provision for two more apprentices.

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- Twelve young residents aged between 15 and 19 took part in Work Skills Development training run by the company's Human Resources team. The session provided guidance on CV and cover letter preparation and helped the attendees identify their core skills with a follow up session on interview skills planned. These initiatives link to the work of the Youth Panel and the priorities it has identified in breaking down barriers to education, employment and training.
- As part of the commitment to improving the health and well-being of tenants, the first Summer Activities Programme for children was introduced. This facilitated many activities with local providers enabling 103 children to benefit. Feedback was very positive and the opportunity gave many new residents a chance to become involved with the company.
- Three Community Gardens have been created in conjunction with local residents and a local school. These projects have encouraged residents and children to take pride in their neighbourhood and community and have given the opportunity for a number to be formally involved with the company.
- The installation of Broadband and necessary hardware into communal lounges provide customers with internet access even if they don't have a computer of their own.

The first Community Investment Plan was finalised during the year. This plan incorporates feedback from residents and will enable projects and investment to be targeted at issues that matter most to the local communities. An assessment of all assets including our housing stock, garage sites, communal land, and commercial premises, including redevelopment or change of use, will help to improve estate appearance and facilitate provision of services.

Positively Engaging with Our Residents

The number of tenants satisfied with opportunities for involvement has fallen slightly from 70% last year to 66% currently. Positively, there are now more than 600 residents on the involved residents database with many of these playing an active part to help drive service improvements, increase efficiency and achieve high levels of customer satisfaction.

The company is accredited with the Tenant Participation Advisory Service (TPAS) Resident Involvement Quality Standard (RIQ). TPAS is the leading national tenant participation organisation working to promote tenant empowerment and the RIQ, which assesses a company's approach to resident involvement. The assessment demonstrates the importance that the company places on embedding resident involvement in the business. TPAS commented that the company has shown particular excellence in their action planning, partnership working and strategic commitment.

Resident Involvement (RI) has been promoted this year throughout the company through the development of an in-house e-learning module for staff involved in resident engagement activities and incorporating RI into new staff inductions.

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One of the four Tenant Board Members has the role of Resident Involvement Champion. The Tenant Scrutiny Panel (TSP) provides a review and challenge to the manner in which services are delivered. A programme of training to assist the Panel in its role has been developed and is now being implemented. The Panel has completed three inquiries to date with outcomes reported to the Board with two further inquiries currently in progress.

Other resident involvement initiatives undertaken this year include:

- Residents have been directly involved in the review of repairs services. In particular, on the proposed changes to the responsive maintenance service regarding appointments and area based working.
- Recruitment and training of a number of Resident Inspectors who will undertake a programme of inspections throughout 2015/16. This will provide the company with further feedback opportunities and support the work of the TSP.
- The completion of the first impact assessment for resident involvement, which included an assessment of the TSP, demonstrated the difference resident involvement is making and its contribution to the governance of the company.
- A package of training opportunities for residents, ranging from IT skills to mystery shopping and confidence building has had increased take up during the year.

Being a Great Employer

The strategy focuses on the evolution of a culture where employees feel supported and trusted and empowered to deliver their best and therefore add value to the organisation. In June 2014 a business transformation programme was launched with the aims of improving customer service through enhanced employee engagement, streamlined decision making and increased efficiency. As part of this programme regular employee events and workshops have been held, which better equip managers and their staff to achieve the company's aims and objectives.

The company continues to work to ensure that its culture encourages innovation, is open to change and cultivates an inherent awareness of Value for Money (VfM) concepts. Employees are encouraged to make suggestions for improving services and value for money and to take the initiative for continuous improvement themselves.

The VfM staff awareness programme has continued in 2014 to broaden understanding and facilitate the adoption of the VfM framework across the business. Work is currently in progress on the development of an E-Learning module on VfM which will be released in 2015.

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During the year a review of pay and benefits was undertaken to ensure that they remain competitive, are flexible enough to respond to the changing labour market and affordable into the future. This review has been concluded and actions taken will enable the company to continue to recruit and retain high calibre employees.

During the year the company has continued to focus on effective staff and cultural development through:

- Effective performance management and reward systems
- Developing managers to reach their full potential through training programmes and coaching support
- Continuing with the apprenticeship programme
- Supporting professional development to enable staff to progress in their careers
- Promotion of Equality and Diversity
- Continuing with the well-being programme which is open to all employees
- Effective communications processes across individuals and teams

The company monitors staff turnover and the percentage of days lost to sickness and the respective ratios compared to the prior year were 18.1% (2014: 14.7%) and 4.6% (2014: 4.6%). Improved management of performance of employee relations cases has meant staff turnover and sickness remain above their target ranges.

Effectively Managing the Business

The Effectively Managing the Business strategy recognises that VfM is achieved when the agreed services are delivered in the most cost effective way. To this end, the company remains committed to the application of lean processes and has planned an overall diagnostic and a further service review in 2015/16.

A comprehensive review of the voids and allocations process has been undertaken which has led to improved working practices reducing turnaround times to 22 days from 46 days. This improvement equates to increased rental income of approximately £180,000 for the year.

The company continues to consider the application of new technology to best effect. Further investment has been made in new software and hardware, including computer tablets for the operatives, to further improve the effectiveness of mobile working. Customer service and communication has been enhanced by increased investment in the company's text messaging service.

Operating and Financial Review and Strategic Report

A strategic review of information technology (IT) systems and their use throughout the business was undertaken during the year together with a review of data. These confirmed that broadly the systems are fit for purpose and that a good level of service is provided by the IT team. Recommendations from the reviews include continuous improvement work to improve their application and use and this will fit alongside the work planned in the lean reviews. An action plan has been prepared and is underway.

A dedicated team has been in place since September 2014 to improve the management of garage stock and thereby increase income and reduce potential areas of blight in the local communities. During the year the number of rented units has increased by 152 which will generate additional income of £95,000 per annum.

In addition, the following initiatives have been introduced, in support of the Effectively Managing the Business strategy:

- The company measures, analyses and manages supplier performance where appropriate for the purpose of mitigating risks, reducing costs and driving continuous improvement. Suppliers are encouraged to identify opportunities for improvement in value for money. For example, annual reviews are undertaken with major contractors which evaluate performance, then highlight and agree improvements.
- The company considers the utilisation of purchasing consortia, other external expertise and framework agreements in order to negotiate contracts where they offer best value route. In addition the company is an active member of a South East procurement club where processes and ideas are shared.
- The company continues to evaluate development opportunities outside the Vale of Aylesbury geographic boundary, but within an acceptable distance or travel time, to ensure their effective management and maintenance. The company's first development in a neighbouring district, Dacorum, was approved this year.
- The review of repair appointment slots was undertaken with residents during the year. It was agreed to reduce daily appointment slots from 5 to 3. This will increase flexibility and will enable the operatives to better plan their time in the future. At the same time the company has also commenced area based working for its repair operatives. The reduced travel time will lead to an increase in jobs completed each day and will reduce the cost of providing this service.
- A software module that enables certificates for cyclical electrical inspections to be completed on site and for this data to be linked directly back to the housing and repairs system was implemented in the year. This system both improves data capture and efficiency.
- The stock appraisal model, which provides a net present value for each property, now provides base information that has been used to support options appraisals on major void works. The recent disposals of two properties were both supported by a financial review utilising this model.

Operating and Financial Review and Strategic Report

Future value for money plans

The company's business strategies have Value for Money embedded within them and the resultant delivery plans include the following initiatives:

- Investment in the rollout of lean systems methodologies will continue. A strategic diagnostic is underway which will review systems and processes across the company and will identify the benefits that a formal 'lean thinking' programme could deliver. The strategic diagnostic will inform a plan of future reviews. The programme will streamline processes and provide efficiency and service improvements. As well as providing savings in the review areas the budgeted costs for the review are to be recovered within three years.
- The roll out of the Asset Management Framework which focuses the company on improving its return from its asset base will progress. The Trust is targeting an improvement in the Net Present Value of its assets of 5% over 5 years and an improvement in energy efficiency across all stock with an average SAP rating of 70 (2014 = 68.8) targeted in 5 years with a minimum level of 35 set.
- The "Be the Difference" transformation programme will be further rolled out to the remaining management teams and to front line staff during the coming year. This will help individuals and teams create sustainable, results focused thinking habits to transform business and personal performance. This will support the Trust's targeted improvement in overall tenant satisfaction from 84.9% to 89% in 2016.
- The IT systems and data review has highlighted a number of actions that will be addressed as part of the "Be the Difference" programme. These will give rise to better quality data and enable it to be used more effectively by the business which will support the improved service level targeted of 89%.
- The company will determine and implement the most effective sourcing option for the provision of major improvement works from 2016. Options appraisals on alternative solutions are currently in progress and have indicated potential annual savings in excess of £150,000, increased customer satisfaction through improved control and flexibility, increased volumes of work for smaller local contractors and additional apprenticeship opportunities.
- Investment in new properties will continue with the company continuing to meet its strategic plan of building or acquiring 400 new units between 2014 and 2017. The company will continue to convert some stock to affordable rent to help fund any approved development and limit any grant funding required.
- A revised bonus system is being introduced for direct labour operatives this year which will focus on behaviour and service and as such will be more closely aligned with the company's objectives to improve service performance.

Operating and Financial Review and Strategic Report

- The new post of Strategic Procurement Manager has been created to lead the continuing development of an efficient, effective and well controlled procurement process. This role will support managers to deliver improved value in contract management, including increased social value.
- The E-Learning programme will be extended in 2015 to include Value for Money training. This will act as a refresher to current employees and be provided to new starters as part of the induction process. This will ensure a consistent message is promoted across all staff.
- The introduction of an internal scaffolding resource is planned in the year and is expected to deliver an improved service and a reduction in cost with the investment targeted to be recovered inside two years.
- A project to redesign the company's website is planned in 2015/16. The website is often the first point of contact for stakeholders as well as prospective employees and customers. The refresh will enhance the users' experience and thereby support our targeted service improvement.

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.

Operating and Financial Review and Strategic Report

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
Changes to the welfare benefits system	<p>The Welfare Reform Group continues to oversee the impact of the rollout of Universal Credit and has an ongoing action plan to mitigate it.</p> <p>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.</p> <p>The additional resources in the Welfare and Rent teams have been maintained.</p> <p>Resident training is available on a range of topics.</p> <p>The business plan has been reviewed and scenario tested.</p>	<p>Effectively Managing the Business</p> <p>Positively Engaging with our Residents</p> <p>Investing in our Neighbourhoods and Communities.</p>
Poor service delivery	<p>The "Be the Difference" transformation programme has been launched and is focussed on customer service.</p> <p>New service commitments have been made, in consultation with residents, and are monitored.</p> <p>Independent satisfaction surveys are conducted on an ongoing basis.</p> <p>Customer service training has been refreshed across the business.</p> <p>Resident groups are established to consider particular service areas.</p> <p>Tenant Scrutiny Panel monitors and performs reviews, making recommendations for service improvements.</p>	<p>Taking Pride in our Services</p> <p>Positively Engaging with our Residents</p> <p>Investing in our Neighbourhoods and Communities.</p>
Failure to deliver our development programme	<p>Regular review of the development programme with oversight by the Property Investment Committee, comprising several Board Members.</p> <p>Progress updates communicated regularly with the Homes and Communities Agency directly and through The Guinness Partnership, our development partner.</p>	<p>Providing Quality Affordable Homes and Services</p>

Operating and Financial Review and Strategic Report

Key risk	Status	Strategic objective
<p>Poor governance or management</p>	<p>Rigorous processes are followed in the recruitment of Executive Directors.</p> <p>Annual appraisal of Board Members and analysis of training and development needs informs training programme.</p> <p>Skills gaps considered in the recruitment of new Board Members.</p> <p>Comprehensive induction programme is provided for Board Members.</p> <p>Audit Committee in place with oversight of delegated authorities and an annual internal audit programme.</p> <p>Adopted NHF Code of Governance</p>	<p>Effectively Managing the Business</p>
<p>Growth and investment impacted by cost and availability of funding</p>	<p>Long term facility in place which supports plans. Financial covenants are monitored closely and regularly. A good relationship is maintained with the funder.</p> <p>The impact of new initiatives and development are carefully assessed.</p>	<p>Providing Quality Affordable Homes and Services.</p> <p>Investing in our Neighbourhoods and Communities.</p>
<p>Failure to recruit and retain quality staff and managers</p>	<p>Salaries and terms and conditions are benchmarked.</p> <p>Investment in training and development.</p> <p>Regular staff engagement surveys.</p> <p>Active Employee Consultative Committee.</p>	<p>Effectively Managing the Business</p> <p>Being a Great Employer</p>
<p>Rise in final salary pension scheme liabilities become unaffordable</p>	<p>Business plan adopts differential rates of inflation for income and cost.</p> <p>Varying cost inflation rates applied to different cost elements within the plan</p> <p>Scenario test reflect changes to inflation rates</p>	<p>Effectively Managing the Business</p> <p>Being a Great Employer</p>

Operating and Financial Review and Strategic Report

Financial Position

The income and expenditure account on page 33 shows a surplus of £7.4 million for the year (2014: £5.9 million). This surplus is after capitalising £4.7 million of improvement expenditure (2014: £5.8 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 £41.3 million (2014: £39.4 million).

The balance sheet is shown on page 35. The Capital and Reserves have moved this year from a negative to a positive position. The company expects a small surplus in the next financial year in accordance with the company's approved business plan. The company has a committed long term loan facility which covers the activity within this business plan.

Accounting policies

The company's principal accounting policies are set out on pages 37 to 42 of the financial statements and have been approved by the Audit Committee. The policies that are most critical to the financial results relate to accounting for housing properties and include housing property depreciation. There were no significant changes to accounting policies in the year.

Housing properties

At 31 March 2015 the company managed 7,374 (2014: 7,325) housing properties for rent of which it owned 7,354 (2014: 7,325) and held 20 under a 125 lease. Housing properties were carried in the balance sheet at cost net of grant (after depreciation) of £133.0 million (2014: £122.7 million). The Board appointed JLL as external professional valuers to carry out an annual valuation of the company's properties as at 31 March 2015. The value on an Existing Use Value - Social Housing basis was £304.8 million (2014: £258.9 million).

Reserves

After transfer of the surplus for the year of £7.4 million (2014: £5.9 million) and the actuarial loss of the pension scheme of £2.7 million (2014: loss £1.7 million), at the year end the reserves amount to a surplus of £1.4 million (2014: deficit of £3.3 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 9% and 13.2%. 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 a £155.6 million loan facility arranged with Barclays Bank plc of which £134.3 million was drawn at 31 March 2015. This long term facility is repayable in phases between 2017 and 2035.

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 2015 63% of borrowings were at fixed rates of interest ranging from 4.9% to 5.5%.

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

Cash flows

Cash inflows and outflows during the year are shown in the cash flow statement (page 36). The cash inflow from operating activities for the year to 31 March 2015 was £18.0 million (2014: £15.9 million). This is after charging major repairs of £8.9 million to the income and expenditure account (2014: £8.2 million). It is also after net movements in debtors and creditors which increase working capital by £2.5 million (2014: £2.3 million). There was a drawdown of loans of £4.1 million, resulting in a net increase in cash of £1.4 million (2014: increase £1.7 million).

Future Developments

Projections indicate that borrowings will increase to around £140 million in the next two years as the company progresses with its programme of investment in its housing properties and the development of new properties. The capacity to develop properties comes in part from the company's VAT arrangement enabling recovery of VAT on the major improvement works and partly from grant funding from the Homes and Communities Agency and Aylesbury Vale District Council. Capacity is also created from new affordable rents under the regime introduced by the Homes and Community Agency to support the 2011-15 investment programme. The company plans to continue its development activity participating in the HCA 2015-18 Affordable Homes Programme. The projected borrowing requirement will be funded entirely from the existing loan facility but the company is looking to increase its funding to support further development in the medium term.

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 23 July 2015 and signed on its behalf by:

Richard Stanway-Williams
Chairman

Report of the Directors

Board Directors and Executive Directors

The present Directors and Executive Directors of the company are set out on page 1. The 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.

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 based on final salary, 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.

NHF Code of Governance

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

Governance matters to highlight are as follows:

- During the year the Articles of Association were amended to reduce the maximum number of Board members to 12.
- There has been one board member resignation in the year, a council nominated member.

Report of the Directors

Donations

During the year a total of £6,840 of donations were made (2014: £3,125). £5,000 was donated to Night Shelter for Aylesbury Homeless Action and £100 to Keech Hospice Care. £435 was donated to Aylesbury Vineyard, a charity which provides emergency food donations, at the choice of staff foregoing a Christmas lunch. Charitable donations of £150 were also provided as competition prizes during the year and Aylesbury Homeless Action, Florence Nightingale and Young Carers Bucks were the recipients. The company matched charity funding raised by staff during the year for Florence Nightingale Hospice Charity, Children in Need, Movember, Young Carers Bucks, the Royal British Legion, Marie Curie, Pace and the Lymphoma Association. A raffle prize with a value of £55 was donated to the NSPCC. There were no political donations.

Community Chest

As part of the transfer agreement with Aylesbury Vale District Council (AVDC), the Vale of Aylesbury Housing company and AVDC each agreed to contribute up to £250,000 per year from the VAT savings arising (see note 2 to the financial statements, under Community Development Reserve) towards a Community Chest run jointly with AVDC for the benefit of the community. During the financial year £250,000 (2014: £250,000) was set aside for this purpose. The grants from the Community Chest come under three categories: microgrants up to £1,000, project grants which are one-off grants up to £25,000, and long term revenue grants up to £25,000 per annum for 3 years. During the year 42 microgrants and 21 project grants were awarded. First year payments were made for twelve revenue grants awarded in 2013 for 2014-17. Since transfer, a total of 626 Community Chest grants had been approved by 31 March 2015 with total grant funding amounting to £3,609,610.

Going concern

After making enquiries, 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.

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.

Report of the Directors

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 2014 to the date of approval of this report and financial statements.

Key elements of the control framework include:

- Board approved terms of reference and delegated authorities for the Committees for Audit, Property Investment and Remuneration;
- 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;
- regular reporting to the Board on key business objectives, targets and outcomes; and
- 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.

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

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

The means by which the Audit 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 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.

Report of the Directors

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.

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.

Report of the Directors

Annual General Meeting

The annual general meeting will be held on 24 September 2015.

External Auditors

A resolution to reappoint Grant Thornton UK LLP as auditors of the company will be proposed at the forthcoming annual general meeting.

The report of the Board was approved by the Board on 23 July 2015 and signed on its behalf by

Richard Stanway-Williams
Chair of the Board

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 Ltd for the year ended 31 March 2015 which comprises the income and expenditure account, statement of total recognised surpluses and deficits, reconciliation of movements in funds, balance sheet, cash flow statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the Board and auditors

As explained more fully in the Statement of Board Responsibilities (set out on page 29), the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2015 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 2012;
- have been prepared in accordance with the requirements of the Companies Act 2006

Opinion on other matter prescribed by the Companies Act

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

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

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company's financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

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

Income and Expenditure Account

For the year ended 31 March 2015

	Note	2015 £'000	2014 £'000
Turnover: continuing activities	3	41,325	39,395
Operating costs	3	(31,059)	(30,723)
Operating surplus: continuing activities		<u>10,266</u>	<u>8,672</u>
Surplus on sale of fixed assets	6	1,289	1,683
Interest receivable and other income	7	381	367
Interest payable and similar charges	8	(4,439)	(4,702)
Other financial costs	10	(123)	(139)
Surplus for the financial year		<u>7,374</u>	<u>5,881</u>

The company's results relate wholly to continuing activities.

The financial statements were approved by the Board on 23 July 2015 and signed on its behalf by:

Richard Stanway-Williams
Chair of the Board

Vijay Patel
Board Member

The accompanying notes form part of these financial statements.

Statement of Total Recognised Surpluses and Deficits

For the year ended 31 March 2015

	Note	2015 £'000	2014 £'000
Surplus for the financial year		7,374	5,881
Actuarial loss relating to pension scheme	10	<u>(2,702)</u>	<u>(1,682)</u>
Total recognised surplus relating to the year		<u>4,672</u>	<u>4,199</u>

Reconciliation of Movements in Funds

For the year ended 31 March 2015

	Note	2015 £'000	2014 £'000
Opening total funds	21	(3,262)	(7,461)
Total recognised surplus relating to the year		<u>4,672</u>	<u>4,199</u>
Closing total funds		<u>1,410</u>	<u>(3,262)</u>

The accompanying notes form part of these financial statements.

Balance Sheet

At 31 March 2015

	Note	2015 £'000	2014 £'000
Tangible fixed assets			
Housing properties	12	145,604	133,396
Less: Social housing grant	12	(12,899)	(10,656)
		132,705	122,740
Other tangible fixed assets	13	5,010	5,518
		137,715	128,258
Current assets			
Properties for sale	14	613	-
Debtors	15	2,519	3,011
Investments	16	5,075	1,846
Cash at bank and in hand		9,698	8,274
		17,905	13,131
Creditors: Amounts falling due within one year	17	(10,530)	(8,118)
Net current assets		7,375	5,013
Total assets less current liabilities		145,090	133,271
Creditors: Amounts falling due after more than one year	18	132,914	128,751
Net pension liability	10	10,766	7,782
		143,680	136,533
Capital and reserves			
Revenue reserve	21	1,410	(7,661)
Restricted reserves	21	-	4,399
		1,410	(3,262)
		145,090	133,271

The financial statements were approved by the Board on 23 July 2015 and signed on its behalf by:

Richard Stanway-Williams
Chair of the Board

Vijay Patel
Board Member

Registered company number 5438914

The accompanying notes form part of these financial statements.

Cash Flow Statement

For the year ended 31 March 2015

	Note	2015 £'000	2014 £'000
Net cash inflow from operating activities	22	<u>18,039</u>	<u>15,876</u>
Returns on investments and servicing of finance			
Interest and other income received		157	110
Interest and similar charges paid		(4,375)	(4,628)
		<u>(4,218)</u>	<u>(4,518)</u>
Capital expenditure			
Purchase, construction and improvement of housing properties		(17,283)	(14,038)
Capital grants received – social housing grant		2,243	1,326
Purchase of other fixed assets		(292)	(1,069)
Sales of housing properties		2,064	2,498
Sale of other fixed assets		-	-
		<u>(13,268)</u>	<u>(11,283)</u>
Management of liquid resources			
Cash invested in money market deposit accounts		(112,929)	(94,526)
Cash withdrawn from money market deposit accounts		109,700	92,680
		<u>(3,229)</u>	<u>(1,846)</u>
Financing			
Loans received		4,100	3,500
		<u>4,100</u>	<u>3,500</u>
Increase in cash	23	<u><u>1,424</u></u>	<u><u>1,729</u></u>

The accompanying notes 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 under the historical cost convention and in accordance with UK Generally Accepted Accounting Principles (UK GAAP) and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2012.

A true and fair override of the Companies Act 2006 has been made in respect of the treatment of capital grants. Further detail as to the reasons for this are provided below.

Going concern

The company's business activities, its current financial position and factors likely to affect its future development are set out within the Operating and Financial Review. The company has in place a long-term debt facility which provides 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 this debt facility 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.

Turnover

Turnover comprises rental income and service charges 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 revenue grants receivable in the year.

Revenue recognition

Rental income is recognised from the point when properties under development reach practical completion or otherwise become available for letting. 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.

Notes to the Financial Statements

2. Accounting policies (continued)

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 recoverable at the year-end is included as a current 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 (SHG) received in advance; or
- b) a fair amount of interest on borrowings of the company as a whole after deduction of SHG received in advance to the extent that they can be deemed to be financing the development programme.

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

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.

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 income and expenditure account 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.

Completed housing properties are stated 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.

Housing properties under construction are stated at cost less related social housing grant and other capital grants. Cost includes the cost of acquiring land and buildings and direct development costs.

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.

Social Housing Grant (SHG)

Social Housing Grant (SHG) is receivable from the Homes & Communities Agency (HCA) and is utilised to reduce the capital costs of housing properties, including land costs. It is allocated to the land and structure components of the associated asset in proportion to their cost. Grant receivable in respect of identifiable components is allocated to those components. SHG due from the HCA or received in advance is included as a current asset or liability.

SHG is subordinated to the repayment of loans by agreement with the HCA. SHG released on sale of a property may be repayable but is normally available to be recycled and is credited to a Recycled Capital Grant Fund and included in the balance sheet in creditors.

Other grants

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

Notes to the Financial Statements

2. Accounting policies (continued)

True and fair override

Under the requirements of the SORP, capital grants are shown as a deduction from the cost of housing properties on the balance sheet (see note 12). This is a departure from the rules under the Companies Act 2006, which does not permit such presentation, but in the opinion of the Board is a relevant accounting policy, comparable to that adopted by other registered social landlords that has been adopted in order to present a true and fair view.

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. Where SHG has been allocated to a component; the depreciable amount is arrived at on the basis of original cost, less the proportion of SHG and other grants attributable to the component, less residual value. Freehold land is not depreciated.

The Company depreciates the major components of its housing properties over their expected useful lives or the lives of the structure to which they relate, if shorter, on the following basis:

Structure	50 years
Roofs	50 years
Kitchens	20 years
Bathrooms	30 years
Central Heating	20 years
Windows and Doors	30 years
Lifts	30 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 have been 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
Computer software	2 to 4 years
Motor vehicles	4 years

Notes to the Financial Statements

2. Accounting policies (continued)

Impairment

Assets are reviewed for impairment if there is an indication that impairment may have occurred. Where there is evidence of impairment, fixed assets are written down to their recoverable amount, being the higher of the net realisable value or the value in use to the company. Any such write-down is charged to operating surplus.

Leased assets

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the terms of the leases.

Supporting people

Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

Loan finance issue costs

Issue costs of long term finance are deducted from the amount of loan drawn down. This cost is charged to the income and expenditure account 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.

Liquid Resources

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

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 income and expenditure account.

Notes to the Financial Statements

2. Accounting policies (continued)

Reserves

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

Community Development Reserve - Restricted Reserve

The company entered into a VAT arrangement with Aylesbury Vale District Council (AVDC) as part of the stock transfer on 17th July 2006, enabling the company to recover VAT on the improvement works it carries out as part of its property investment programme. Each year a contribution is made to the Community Chest (see paragraph below), and any funds remaining from the VAT arrangement after this contribution, are placed in this restricted reserve and shall be spent on community benefit and/or social housing schemes.

Community Chest Creditor

Each year, the company contributes the first £250,000 of the VAT recovery to the Community Chest (see previous paragraph), a fund for the community jointly managed and funded with Aylesbury Vale District Council. Funds due to the Community Chest are held as creditors.

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

Continuing activities

	2015 Turnover	2015 Operating costs	2015 Operating (deficit) /surplus	2014 Operating (deficit) /surplus
	£'000	£'000		£'000
Social housing lettings	39,946	(30,179)	9,767	8,164
Non-social housing activities				
Lettings	702	(298)	404	324
Leasehold	489	(212)	277	249
Other	188	(120)	68	185
Community Chest Donations	0	(250)	(250)	(250)
	<u>1,379</u>	<u>(880)</u>	<u>499</u>	<u>508</u>
Total	<u>41,325</u>	<u>(31,059)</u>	<u>10,266</u>	<u>8,672</u>

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

	2015 General needs housing	2015 Housing for older people	2015 Low cost home ownership	2015 Total	2014 Total
	£'000	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	35,515	2,699	169	38,383	36,676
Service income	760	619	(2)	1,377	953
Charges for support services	0	186	0	186	182
Other revenue grants	0	0	0	0	55
Turnover from social housing lettings	36,275	3,504	167	39,946	37,866
Management	7,943	767	37	8,747	8,897
Services	0	189	0	189	212
Routine maintenance	6,582	636	0	7,218	7,195
Planned maintenance	1,025	11	0	1,036	1,311
Major repairs expenditure	8,507	354	0	8,861	8,187
Bad debts	96	9	0	105	214
Depreciation of housing properties	3,790	230	3	4,023	3,686
Operating costs on social housing lettings	27,943	2,196	40	30,179	29,702
Operating surplus on social housing lettings	8,332	1,308	127	9,767	8,164
Void losses	317	55	0	372	560

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

	2015 £'000	2014 £'000
Shops	124	92
Garages	578	558
	<u>702</u>	<u>650</u>

4. Accommodation in management

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

	2015 No.	2014 No.
Social housing		
General housing	6,695	6,651
Supported housing and housing for older people	591	591
	<u>7,286</u>	<u>7,242</u>
Low cost home ownership	88	83
Total social housing owned and managed	<u>7,374</u>	<u>7,325</u>
Non-social housing		
Leasehold properties	627	625
Commercial	39	33
Garages	2,063	2,098
Total non- social housing	<u>2,729</u>	<u>2,756</u>
Total owned and managed	<u>10,103</u>	<u>10,081</u>
Accommodation in development at the year end	<u>55</u>	<u>110</u>

Notes to the Financial Statements

5. Operating Surplus

This is arrived at after charging:

	2015	2014
	£'000	£'000
Depreciation of housing properties	4,054	3,690
Depreciation of other tangible fixed assets	816	739
Operating lease rentals		
- vehicles	11	88
Auditors' remuneration (excluding VAT)		
- for audit services	25	25
- for other services	4	5

6. Surplus on sale of fixed assets

	2015	2014
	£'000	£'000
Housing Properties - Disposal proceeds	1,678	2,498
Housing Properties - Carrying value of fixed assets	(771)	(815)
Other Fixed Assets – Loss on Disposal	382	-
	<u>1,289</u>	<u>1,683</u>

7. Interest receivable and other income

	2015	2014
	£'000	£'000
Bank interest	65	63
Other income	316	304
	<u>381</u>	<u>367</u>

8. Interest payable and similar charges

	2015	2014
	£'000	£'000
Loans and bank overdrafts	4,362	4,626
Other loan and security costs	77	76
	<u>4,439</u>	<u>4,702</u>

Notes to the Financial Statements

9. Employees

Average monthly number of employees expressed in full time equivalents:

	2015	2014
	No.	No.
Direct labour operatives	50	51
Other	177	176
	<u>227</u>	<u>227</u>

Employee costs:

	2015	2014
	£'000	£'000
Wages and salaries	8,208	7,718
Social security costs	743	684
Other pension costs	837	742
	<u>9,788</u>	<u>9,144</u>

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):

	2015 No.	2014 No.
£60,001 - £70,000	6	2
£70,001 - £80,000	1	1
£80,001 - £90,000	0	1
£90,001 - £100,000	1	1
£100,001 - £110,000	2	1
£110,001 - £120,000	1	1
£140,001 - £150,000	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 £837,000 for an average of 180 employees (2014: £742,000 for 142 employees).

The company's best estimate of contributions to be paid to the schemes for the next accounting period is £850,000.

Notes to the Financial Statements

10. Pension Schemes

Social Housing Pension Scheme

The Vale of Aylesbury Housing Trust Ltd participates in the Social Housing Pension Scheme (SHPS). The Scheme is funded and is contracted out of the State Pension scheme.

SHPS is a multi-employer scheme. It is not possible in the normal course of events to identify on a consistent and reasonable basis the share of underlying assets and liabilities belonging to individual participating employers. This is because the Scheme is a multi-employer scheme where the Scheme assets are co-mingled for investment purposes, and benefits are paid from total Scheme assets. Accordingly, due to the nature of the scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

The Trustee commissions an actuarial valuation of the Scheme every three years. The main purpose of the valuation is to determine the financial position of the Scheme in order to address the level of future contributions required so that the Scheme can meet its pension obligations as they fall due.

The last formal valuation of the scheme was performed at 30 September 2011 by a professionally qualified actuary using the "projected unit" method. The market value of the Scheme's assets at that date was £2,062 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £1,035 million, equivalent to a past service funding level of 67%.

The Scheme Actuary is currently finalising the 2014 valuation but key provisional results have been confirmed. As at 30 September 2014, the market value of the Scheme's assets was £3,123 million. There was a shortfall of assets compared with the value of liabilities of £1,323 million, equivalent to a past service funding level of 70%.

From 1 January 2012, the company closed the final salary SHPS benefit structure to new entrants and established two new structures within the SHPS scheme: a defined contribution and a defined benefit (career average revalued earnings) scheme. The employers' contributions to the SHPS by the company for the year ended 31 March 2015 were £250,000 (2014 - £121,000) at contribution rates ranging from 6.0% to 12.1% of pensionable salaries.

Following a change in legislation in September 2005, there is a potential debt on the employer that could be levied by the Trustee of the scheme in the event of the employer ceasing to participate in the scheme or the scheme winding up. The Board consider that the likelihood of occurrence of either of these events to be remote.

The company has been notified by The Pensions Trust, the administrator of SHPS, of the estimated employer debt on withdrawal from the scheme, based on

Notes to the Financial Statements

the financial position at 30 September 2014 of £2,455,000 (September 2013: £1,407,000).

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 2013.

The scheme is closed to new entrants. The employers' contributions to the BCCPF by the company for the year ended 31 March 2015 were £587,000 (2014: £616,000) at a contribution rate of 13.2% of pensionable salaries.

Assumptions

The main financial assumptions used by the actuary were:

Assumptions as at:	31 March 2015		31 March 2014	
	% p.a.	% Real	% p.a.	% Real
RPI increases	3.3	-	3.7	-
CPI increases	2.5	-0.8	2.9	(0.8)
Salary increases	4.3	1.0	4.7	1.0
Pension increases	2.5	-0.8	2.9	(0.8)
Discount rate	3.4	0.1	4.5	0.8

Mortality assumptions

The assumed life expectancy from age 65:

	2015 Years	2014 Years
Retiring today		
Males	23.7	23.6
Females	26.1	26.0
Retiring in 20 years		
Males	26.0	25.8
Females	28.4	28.3

Notes to the Financial Statements

10. Pension Schemes (continued)

Fair Value and expected return on assets

The fair value and expected return on assets in the BCCPF related to the company were:

	2015 Expected return 1 April 2014 %	2014 Expected return 1 April 2013 %
Equities	7.0	6.3
Gilts	3.6	3.0
Other Bonds	4.2	4.1
Property	5.8	5.8
Cash	3.4	0.5
Alternative Assets	7.0	6.3
Expected Return on Assets	6.4	5.9

Net pension liability as at:

	31 March 2015 £,000	31 March 2014 £'000
Present value of funded obligation	24,530	19,612
Fair value of scheme assets (bid value)	(13,764)	(11,830)
Net Liability	10,766	7,782

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	19,199	19,612	20,034
Projected service cost	852	872	892
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of defined benefit obligation	18,952	19,612	20,277
Projected service cost	843	872	901

Notes to the Financial Statements

10. Pension Schemes (continued)

Analysis of the amount charged to operating deficit:

	2015	2014
	£'000	£'000
Current service cost	746	863
Interest on scheme liabilities	897	819
Expected return on scheme assets	(774)	(680)
Total operating charge	869	1,002
Actual return on scheme assets	1,480	753

Curtailments

Curtailments arise as a result of the early payment of accrued pension on retirement on the grounds of efficiency, redundancy or where the employer has allowed an employee to retire on unreduced benefits before they would otherwise have been able to do so.

Over the year, no employees were permitted to take unreduced early retirement that they would not otherwise have been entitled to.

Reconciliation of opening and closing balances of the present value of the defined benefit obligation

	31 March 2015	31 March 2014
	£'000	£'000
Opening defined benefit obligation	19,612	17,032
Service cost	746	863
Interest cost	897	819
Actuarial loss	3,408	976
Estimated benefits paid (net of transfers in)	(373)	(316)
Contributions by scheme participants	240	238
Closing defined benefit obligation	24,530	19,612

Notes to the Financial Statements

10. Pension Schemes (continued)

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

	2015	2014
	£'000	£'000
Opening fair value of scheme assets	11,830	11,318
Expected return on scheme assets	774	680
Actuarial gain/(loss)	706	(706)
Contributions by employer including unfunded benefits	587	616
Contributions by scheme participants	240	238
Estimated benefits paid including unfunded benefits	(373)	(316)
	<hr/>	<hr/>
Closing fair value of scheme assets	13,764	11,830

Reconciliation of opening and closing deficit

	2015	2014
	£'000	£'000
Deficit at beginning of year	(7,782)	(5,714)
Current service cost	(746)	(863)
Contributions	587	616
Other finance costs	(123)	(139)
Actuarial loss	(2,702)	(1,682)
	<hr/>	<hr/>
Deficit at end of year	(10,766)	(7,782)

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

Employer Asset Share	31 March 2015		31 March 2014	
	£'000	%	£'000	%
Equities	7,517	55%	8,045	68%
Gilts	1,716	12%	592	5%
Other Bonds	1,782	13%	1,183	10%
Property	1,180	9%	946	8%
Cash	268	2%	118	1%
Alternative Assets	1,301	9%	946	8%
	<hr/>	<hr/>	<hr/>	<hr/>
Total	13,764	100%	11,830	100%

Notes to the Financial Statements

10. Pension Schemes (continued)

Amounts for the current and previous four periods

	Year to 31 March 2015 £'000	Year to 31 March 2014 £'000	Year to 31 March 2013 £'000	Year to 31 March 2012 £'000	Year to 31 March 2011 £'000
Defined benefit obligation	(24,530)	(19,612)	(17,032)	(15,123)	(10,993)
Scheme assets	13,764	11,830	11,318	8,615	7,755
Deficit	(10,766)	(7,782)	(5,714)	(6,508)	(3,238)
Experience adjustments on scheme assets	5.1%	(6.0)%	11.2%	(10.0%)	1.1%
Experience adjustments on scheme liabilities	-	3.4%	-	-	(8.8%)

11. Board Members and Executive Directors

Aggregate emoluments payable to directors

For the purposes of this note, Directors are defined as Board members and the Executive Officers of the company (ie Chief Executive, Director of Finance and Resources, Director of Housing and Community Services, Director of People and Performance and Director of Property and Development).

	2015 £'000	2014 £'000
Aggregate emoluments payable to directors (including pension contributions and benefits in kind)		
Amounts payable to executive staff	647	634
Amounts payable to non-executive Board members	49	32
	<u>696</u>	<u>666</u>

Notes to the Financial Statements

The emoluments of the highest paid director, the Chief Executive, excluding pension contributions, were £151,000 (2014: £148,000).

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 except Council nominees are paid but are not members of the pension scheme. Their emoluments for the year are:

Chair	£11,000
Chair of Committee	£5,250
Board member	£4,500

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:

	2015	2014
	£	£
Expenses reimbursed to Board members	<u>2,680</u>	<u>2,901</u>

Notes to the Financial Statements

12. 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 2014	138,816	8,889	399	148,104
Additions	-	12,352	-	12,352
Works to existing properties	4,681	-	-	4,681
Schemes completed	12,642	(13,836)	1,194	-
Disposals	(905)	-	(2)	(907)
At 31 March 2015	<u>155,234</u>	<u>7,405</u>	<u>1,591</u>	<u>164,230</u>
Depreciation				
At 1 April 2014	14,692	-	16	14,708
Charged in year	4,033	-	21	4,054
Released on disposal	(136)	-	-	(136)
At 31 March 2015	<u>18,589</u>	<u>-</u>	<u>37</u>	<u>18,626</u>
Depreciated cost				
At 31 March 2015	<u>136,645</u>	<u>7,405</u>	<u>1,554</u>	<u>145,604</u>
At 31 March 2014	<u>124,124</u>	<u>8,889</u>	<u>383</u>	<u>133,396</u>
Less: Social housing grant				
At 1 April 2014	9,351	1,201	104	10,656
Received during year	-	2,243	-	2,243
Transfer	(9)	-	9	-
Schemes completed	2,656	(2,656)	-	-
At 31 March 2015	<u>11,998</u>	<u>788</u>	<u>113</u>	<u>12,899</u>
Net book value				
At 31 March 2015	<u>124,647</u>	<u>6,617</u>	<u>1,441</u>	<u>132,705</u>
At 31 March 2014	<u>114,773</u>	<u>7,688</u>	<u>279</u>	<u>122,740</u>

Notes to the Financial Statements

12. Tangible fixed assets – properties (continued)

Expenditure on works to existing properties

	2015	2014
	£'000	£'000
Amounts capitalised	4,681	5,770
Amounts charged to income and expenditure account	17,115	16,116
Total	<u>21,796</u>	<u>21,886</u>

Housing properties book value, net of depreciation and grants comprises:

	2015	2014
	£'000	£'000
Freehold land and buildings	130,659	122,740
Leasehold land and Buildings	2,046	-
	<u>132,705</u>	<u>122,740</u>

Included in the cost of tangible fixed assets is £0.9m (2014: £0.6m) in respect of capitalised finance costs at an average interest rate of 3.6% (2014: 4.2%).

Notes to the Financial Statements

13. Tangible fixed assets – other

	Freehold Offices	Furniture fixtures and fittings	Computers & software	Scheme & depot equipment	Motor Vehicles	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Cost						
At 1 April 2014	4,514	276	2,829	622	863	9,104
Additions	-	-	230	53	28	311
Disposals	-	-	-	-	(27)	(27)
At 31 March 2015	<u>4,514</u>	<u>276</u>	<u>3,059</u>	<u>675</u>	<u>864</u>	<u>9,388</u>
Depreciation						
At 1 April 2014	656	234	2,305	206	185	3,586
Charged in year	214	15	314	57	216	816
Released on disposal	-	-	-	-	(24)	(24)
At 31 March 2015	<u>870</u>	<u>249</u>	<u>2,619</u>	<u>263</u>	<u>377</u>	<u>4,378</u>
Net book value						
At 31 March 2015	<u>3,644</u>	<u>27</u>	<u>440</u>	<u>412</u>	<u>487</u>	<u>5,010</u>
At 31 March 2014	<u>3,858</u>	<u>42</u>	<u>524</u>	<u>416</u>	<u>678</u>	<u>5,518</u>

Notes to the Financial Statements (continued)

14. Properties for sale

	2015 £'000	2014 £'000
<i>Shared ownership properties</i>		
Completed properties	284	-
Work in progress	329	-
	<u>613</u>	<u>-</u>

15. Debtors

	2015 £'000	2014 £'000
<i>Due within one year</i>		
Rent and service charges receivable	1,391	1,409
Less: Provision for bad and doubtful debts	<u>(531)</u>	<u>(576)</u>
	860	833
Other debtors	281	444
VAT receivable	513	841
Prepayments and accrued income	865	893
	<u>2,519</u>	<u>3,011</u>

16. Investments

	2015 £'000	2014 £'000
Money held on Short term deposit	<u>5,075</u>	<u>1,846</u>
	<u>5,075</u>	<u>1,846</u>

Notes to the Financial Statements (continued)

17. Creditors: amounts falling due within one year

	2015 £'000	2014 £'000
Trade creditors	413	566
Rent and service charges received in advance	914	854
Community Chest creditor	608	560
Home Starter Fund creditor	4	9
Recycled capital grant fund	0	318
Other Taxation and Social Security	199	0
Other creditors	3,185	2,566
Accruals and deferred income	5,207	3,245
	<u>10,530</u>	<u>8,118</u>

The Community Chest creditor of £608,000 and the Home Starter Fund creditor of £4,000 are offset by equal amounts included in the cash balance shown in the Balance Sheet.

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

	2015 £'000	2014 £'000
Debt	132,914	128,751
	<u>132,914</u>	<u>128,751</u>

Debt analysis

	2015 £'000	2014 £'000
<i>Due after more than one year</i>		
Bank loans all due after five years	<u>132,914</u>	<u>128,751</u>
	2015 £'000	2014 £'000
Bank loans	134,250	130,150
Loan Issue Costs	<u>(1,336)</u>	<u>(1,399)</u>
Total	<u>132,914</u>	<u>128,751</u>

The bank loans are secured by a fixed charge over the company's properties.

Notes to the Financial Statements (continued)

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 2017 to 2035. The long term bank loan is at a mix of fixed and variable rates of interest ranging from 0.67% to 5.46%.

At 31 March 2015 the company had undrawn loan facilities of £21.3 million (2014: £25.4 million).

19. Recycled capital grant fund

	£'000
At 1 April 2014	318
Withdrawn	(318)
At 31 March 2015	<u>0</u>

Withdrawals from the recycled capital grant fund were used for approved works to existing properties.

20. Disposals Proceeds Fund

	2015 £'000	2014 £'000
Net Sales Proceeds recycled	899	-
Withdrawals	(899)	-
At 31 March	<u>-</u>	<u>-</u>

Withdrawals from the disposal proceeds fund were used for approved works to existing housing properties.

Notes to the Financial Statements (continued)

21. Reserves

	Revenue Reserve £'000	Restricted Reserves £'000	Total Reserves £'000
At 1 April 2014	(7,661)	4,399	(3,262)
Surplus for the year	7,374	-	7,374
Transfer to restricted reserves	(861)	861	-
Transfer from restricted reserves	5,260	(5,260)	-
Actuarial loss relating to pension scheme	(2,702)	-	(2,702)
At 31 March 2015	<u>1,410</u>	<u>-</u>	<u>1,410</u>

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

	2015	2014
	£'000	£'000
Operating surplus	10,266	8,672
Depreciation of tangible fixed assets	4,870	4,429
Community chest	250	250
Pensions operating charge	746	863
Pension contributions paid	(587)	(616)
	<u>15,545</u>	<u>13,598</u>
Working capital movements		
Debtors	207	468
Creditors	2,287	1,810
Net cash inflow from operating activities	<u>18,039</u>	<u>15,876</u>

Notes to the Financial Statements (continued)

23. Reconciliation of net cash flow to movement in net debt

	2015 £'000	2014 £'000
Increase in cash	1,424	1,729
Cash inflow from increase in debt	<u>(4,100)</u>	<u>(3,500)</u>
Change in net debt from cash flows	<u>(2,676)</u>	<u>(1,771)</u>
Total changes in net debt for the period	(2,676)	(1,771)
Net debt at 1 April	<u>(121,876)</u>	<u>(120,105)</u>
Net debt at 31 March	<u>(124,552)</u>	<u>(121,876)</u>

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

24. Analysis of changes in net debt

	31 March 2014 £'000	Cash Flow £'000	31 March 2015 £'000
Cash at bank and in hand	<u>8,274</u>	<u>1,424</u>	<u>9,698</u>
Changes in cash	<u>8,274</u>	<u>1,424</u>	<u>9,698</u>
Loans	<u>(130,150)</u>	<u>(4,100)</u>	<u>(134,250)</u>
Changes in debt	<u>(130,150)</u>	<u>(4,100)</u>	<u>(134,250)</u>
Changes in net debt	<u>(121,876)</u>	<u>(2,676)</u>	<u>(124,552)</u>

Notes to the Financial Statements (continued)

25. Capital commitments

Expenditure contracted for but not provided in the accounts was £7,254,000 (2014: £1,273,000).

Expenditure authorised by the Board but not contracted was £4,764,000 (2014: £184,000).

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

26. Leasing commitments

Operating lease payments amounting to £11,000 (2014: nil) are due between one and five years. The leases to which these amounts refer expire as follows:

	2015 £'000	2014 £'000
Motor vehicle leases expiring		
Between one and five years	11	-
	<u>11</u>	<u>-</u>

27. Contingent liabilities

The company had no contingent liabilities at 31 March 2015 (2014: nil).

28. Related parties

During the year there were four tenant members of the Board: John Balshaw, David Briercliffe, Gavin Kingham and Julian Blundell-Thompson. 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; Michael Rand, Steven Lambert and Lisa Smith 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.