Company No: 05438914

VALE OF AYLESBURY HOUSING TRUST LTD

Report and Financial Statements

Year ended 31 March 2016

Contents

Board, Executive Directors, Advisors and Bankers

Board	Stephen Stringer (from 1 April 2016) Richard Stanway-Williams Aziz Rahim David Briercliffe Steven Lambert John Balshaw John Morley Julian Blundell-Thompson Angela Macpherson (from 24 July 2015) Kevin Hewson (from 24 July 2015) Renata Hedley (from 24 September 2015) Vijay Patel (to 18 April 2016) Catherine O'Sullivan (to 24 September 2015) Michael Rand (to 24 July 2015) Gavin Kingham (to 18 July 2015)
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
Registered office	Fairfax House, 69 Buckingham Street, Aylesbury, Bucks HP20 2NJ
Registered number	Company number 05438914 Homes and Community Agency Registration L4473 Charity Commission Registration 1114504

Board, Executive Directors, Advisors and Bankers

Auditors	Grant Thornton UK LLP Chartered Accountants Grant Thornton House 202 Silbury Boulevard Central Milton Keynes MK9 1LW
Solicitors	Blake Morgan LLP Seacourt Tower West Way Oxford, OX2 0FB
Bankers	Barclays Bank Plc Social Housing Team 27th Floor 1 Churchill Place London, E14 5HP

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 2016. 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 2016, the company provided 7,441 homes (2015: 7,374).

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

The company operates two key business streams:

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

The 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 agreed to regenerate a number of areas with the last of these four schemes certified practically complete during the year. 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 shaped by the Board, employees, residents and stakeholders and was launched in 2012 together with updated values and strategic objectives. The company's values are to be customer focused, expert in all we do and open minded and innovative. The company aims to be a leader in its field by delivering its strategic objectives through the adoption of these values.

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A streamlined strategic planning framework enables the company to better coordinate what it does both internally and externally and helps teams work more effectively together. Six strategies were launched in April 2014 to cover the period up to March 2017, each of which link 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 existing 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 in and around 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. Four of the strategies have a focus on customer service and resident input was important in their formulation.

The capacity of the company to achieve future growth is partly 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. The Trust's Value for Money and Procurement Framework details the basis of the approach taken to achieving and monitoring Value for Money.

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

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:

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

- The setting of targets annually for Key Performance Indicators (KPIs) that support the company's aspiration for upper quartile performance within its peer group.

- 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 7,347 homes which are let to people in housing need including 591 units dedicated to supported housing and housing for older people which are used to support independent living. In addition the company has 94 shared ownership properties, 2,005 garages and a small number of commercial units which are 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.

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. The improving trend evidenced over recent years continues in 2015/16 although the absolute level is reduced due to the impact of the asset revaluation under FRS 102. Planned investment in new development through to 2020 is expected to increase the average asset value further and lead to a reduction in this ratio over the next 4 years as reflected in the target for 2016/17.

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Return on Assets £'000	Actual 2013/4	Actual 2014/5	Restated 2014/5	Actual 2015/6	Target 2016/7
Surplus for the year before financing costs	8,672	10,266	8,310	10,844[2]	8,573
Average Net Asset Value	123,879	133,151	277,382[1]	280,952	288,541
Return on Assets	7.0%	7.7%	3.0%	3.9%	3.0%

[1] 2014/15 restated to reflect asset revaluation under FRS 102 accounting standard
[2] 2015/16 surplus before impairment charge

The company's Asset Management Framework supports the strategy for providing quality homes and services. Effective asset management ensures that the right amount and type of housing is provided in the right locations. The Asset Management Framework highlights the scope of the asset management services provided and how the asset base is judged both commercially and sustainably viable.

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 in progress and will provide updated stock profiling data which will 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 model enables the identification of assets with low financial returns and provides a benchmark to assess the effectiveness of the company's approach to Asset Management.

Financial appraisals are undertaken on higher cost major voids before works are approved, to ensure that the return on investment does not adversely impact the company's overall financial performance. Those voids with poor financial returns are reviewed to evaluate alternative uses or disposal options. During the year two properties were identified for disposal generating sales income of £510,000 which will be reinvested in new stock.

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 increased its financial capacity to undertake such work by £99,400 this year by moving residents in need of adaptations to alternative stock that is vacant and has been previously adapted and by ensuring requests are scoped appropriately to meet the customer's needs.

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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. This year, 2015/16, has seen an overall improvement in service levels in addition to efficiency gains in excess of £1,300,000 being achieved. A selection of improvements are detailed more fully in the appropriate sections elsewhere in the report but include the implementation of more efficient work practices in the repairs team generating £220,000 of savings, efficient management of aids and adaptation stock that has resulted in an additional £99,400 of capacity being made available, contract negotiations savings of £198,000 and a reduction in the year of £175,000 in eviction costs following a change of approach in rent arrears management.

The regulator, the Homes and Communities Agency (HCA) has recently defined a 'headline social housing cost per unit' measure to analyse the 2014/15 Global Accounts cost data. This aims to provide a consistent and robust general measure of costs across providers. The company's unit cost of £4,170 per unit exceeds the median level of £3,550 but lies below the higher quartile level of £4,300. An extended range of service cost measures will be further monitored this year to increase understanding of the cost base and provide a foundation for formulating future improvement plans.

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. Understanding this comparative data highlights potential areas for detailed review.

The table below shows our performance across these services for 2014/15, the most recent year for which the summary HouseMark data is currently available and the trend compared to the previous year.

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Service Performance	Performance 2014/15	Performance Trend	Cost 2014/15	Cost Trend
Responsive Repairs and Void Works	Poor	↔	High	↑
Rent Arrears & Collection	High	↔	Median	↓
Anti-Social Behaviour	Poor	↔	Low	↔
Major Works / Cyclical Maintenance	High	↔	High	↔
Lettings	Median	↑	Low	↔
Tenancy Management	Poor	↓	High	↔
Resident Involvement	Median	↓	Low	↔
Estate Services	High	↔	Low	↔

To better reflect current performance the following table details a selection of the relevant VfM measures for these services for 2015/16 which are compared to prior year's results and the upper quartile benchmark performance.

Key Performance Indicator	Actual 2013/4	Actual 2014/5	Actual 2015/6	Upper Quartile
Percentage of tenants satisfied with the company's overall service	89.0%	84.9%	90.6%	89.1%
Percentage of tenants who are satisfied the services provided represent Value for Money	84.2%	86.9%	89.1%	86.9%
Percentage of tenants satisfied with their neighbourhood as a place to live	91.0%	90.6%	90.3%	88.8%
Direct cost per Property of Responsive Repairs[1]	£318.94	£364.88[1]	£367.05[1]	£328.91
Direct cost per Property of Repairs to Empty Properties	£169.83	£172.17	£153.97	£135.93
Calendar Days taken to re-let Empty Properties	46	22	18	19
Direct cost Per Property of Estate Services	£127.98	£145.62	£121.81	£116.39
Rent Arrears excluding Housing Benefit as % of rent due.	1.29%	1.00%	1.04%	1.12%

[1] From 2014/15 includes gas repair costs previously excluded

Overall service satisfaction has increased in the year to 90.6% from 84.9% last year. Customer satisfaction is a priority and this year's improved performance has been underpinned by the company wide rollout of the transformation programme launched in 2014/15, called "Be the Difference". This programme has helped focus employees towards improving customer service. The reduced Tenancy Management performance reported in the previous year was impacted by the lower satisfaction levels recorded in 2015 and this year's improved performance should recover this KPI when the Housemark data is refreshed.

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The percentage of tenants who are satisfied their rent provides value for money has improved again in 2015/16. Customers continue to demonstrate an awareness of the market conditions for renting properties and the value when compared to the costs of renting privately.

Repairs performance has improved this year with 82.4% of customers satisfied with the service as compared to 79.6% in the previous year. The direct cost per property of repairs has increased marginally over prior year. A reduction in responsive repair costs of £220,000 has been achieved primarily through the implementation of area based working, reductions in material costs and improvements in mobile working. An increase in gas servicing costs has offset this benefit where increased maintenance costs are having an impact.

Void costs have reduced from last year with the level of minor voids works being undertaken by the Trust's own voids team increasing from 92% to 95% leading to a reduction in contractor spend of £87,000. However, despite this improvement, costs remain high when compared to the peer group and a review of void costs is to be undertaken in 2016/17 to seek further improvement opportunities.

During 2014/15 the company undertook a Lean Systems Review of the whole lettings process and this had a significant impact on reducing re-let times and improving customer satisfaction. This year's performance continues to reflect the benefit of this review with the average calendar days taken to re-let empty properties reducing to 18 by the end of 2015/16 from 46 at the start of the process.

Estate Services costs have as anticipated reduced from prior year levels which were impacted by one off costs for remedial tree works and compare favourably with our peer group.

Major works costs during 2015/16 continue to be impacted by the last of the regeneration projects committed to within our offer promises which has now been completed.

Feedback regarding Anti-Social Behaviour highlighted the main reasons for dissatisfaction and has led to a review of the process being undertaken. Going forward the company will also seek to better manage customer expectations regarding the ASB process and potential outcomes.

Rent arrears have maintained their excellent performance in the year despite the increasing challenges posed by new legislation. The team have reduced the cost of rent arrears collection by undertaking a number of new initiatives including changes to the rent arrears recovery procedure. Early intervention combined with an increase in telephone contact and home visits has resulted in greater tenancy sustainability and a resultant reduction in eviction 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 and demonstrate how resources have been allocated to meet each of the strategic objectives.

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Taking Pride in Our Services

Customer satisfaction remains a priority and the "Be the Difference" programme was specifically tailored to influence perceptions, attitudes and behaviours for all employees to help embed a customer focused culture. This followed on from the customer service training that was rolled out across the organisation last year.

During the year the company has developed "Customer Insight" dashboards which make better use of all of the customer insight and feedback that we hold and can be used to tailor our services and to inform service improvement.

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.

Satisfaction with performance of the contact centre fell from 84.8% in 2014/15 to 79.3% in 2015/16. Feedback has indicated a frustration with queries not being resolved at first point of contact. Work is in progress to improve call resolution and is supported by the call monitoring service which can highlight additional training requirements.

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

- Enhancements introduced to our text messaging service. Two way texting has been introduced which offers improved communication with our customers. It supports the repairs service through reducing the risk of missed appointments and the rents team through the provision of rent balance account enquiry, payment and call request services.
- Improvements in rent collection protocols have been introduced which have an increased emphasis on visiting and supporting the financially vulnerable and a reduced emphasis on the process of collection. The change in approach has led to a reduced number of evictions not only saving an estimated £175,000 in eviction costs but allowing tenancies to be sustained.
- A new website was implemented in the year which is better suited to the use of mobile technology and provides an enhanced service to the user.
- The Welfare Advice Team continues to offer advice and support to residents, providing help on budgeting and money management. During the year 1,243 residents benefited from their support and are now in a better position to meet their financial obligations. The team, working closely with other local providers, have introduced a job club within Aylesbury to support the local community in obtaining employment through workshops that include CV writing and interview skills.

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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 increased from 85.2% in March 2015 to 86.2% this year which is above the median for our peer group. The company recognises there is still further opportunity for improvement and will continue to focus on the issues raised in order to further improve its delivery and in particular in managing the expectations of its customers.

Responsive repairs and maintenance is a priority service for residents. The company's service performance improved in 2016 with 82.4% of residents satisfied with the repairs service up from 79.6% 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.

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. This year the programme included fitting 282 new bathrooms and 195 new kitchens, installing 256 new central heating systems, 60 rewires and 161 roofs.

The main contract for the company's final regeneration scheme, Walton Court, which was identified within the stock transfer agreement with Aylesbury Vale District Council, was certified practically complete on 30th October 2015. This was a challenging and complex scheme being carried out with residents in situ and has successfully transformed the Walton Court Centre. All public areas are open and the commercial units are complete and either trading or ready to let.

A priority for the company is the provision of new affordable homes with 42 new homes completed and handed over during 2015/16. Another 66 affordable homes are in progress all of which are on target to be handed over during 2016/17. 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 8 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 with 27 units in the development programme.

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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 continued investment in renewable energy and in particular solar panels on new developments. These reduce residents' energy costs, improve the company's environmental footprint and provide additional income for the company with £53,000 received this year through feed in tariff refunds.

- The purchase of 54 units from Sovereign Housing Association as part of their stock rationalisation programme. These are located in a neighbouring local authority area, South Northamptonshire, and could be efficiently integrated into Trust management.

- The company continues to appraise the financial viability of significant investment in its stock which has led to the disposal of two properties this year. Small strips of land that are not suitable for development and would have an ongoing maintenance cost have also been sold. Additional proceeds help to support the provision of new housing.

Investing in Our Neighbourhoods & Communities

Many of the company's improvements contribute significantly to the overall wellbeing of the local community without it being easy to show clearly measurable financial gains. 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 continues to be made in local communities through the Community Safety and Environmental Improvement Funds, totalling £300,000 per annum. Focus in the year has remained on deterring anti-social behaviour through, for example, projects to improve fencing and CCTV provision. We have also made considerable investment to enhance the environment through tree planting, car parking provision and providing new refuse bin locations.

Resident surveys for the last year confirm that 90.3% 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.

Investment in the community caretaking team continues to ensure that the company's housing estates and flatted properties are clean, safe and attractive environments. Their close working with both the building cleaning and the grounds

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maintenance contractors provides the platform for the 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 robust approach to ASB with over 400 cases handled during the year. Improvements to internal processes in order to better manage customer expectations have also been adopted.
Other initiatives supported this year as part of the Investing in our Neighbourhoods and Communities strategy include:

- The regeneration of Walton Court which included investment in its Community Centre and Healthy Living Centre (HLC) was completed this year. Facilities at the extended HLC include a dedicated IT suite and crèche with secure play area. The completed redevelopment will enable the HLC to increase the services and courses provided to the community.

- 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. Since transfer, over two million people have benefitted from the Community Chest awards with £4 million awarded through nearly 700 grants.

- Local employment and training opportunities through the apprenticeship scheme with 4 apprentices now qualified and employed in full time positions within the company. The 2016 budget contains provision for 5 more apprentices in addition to the 4 currently in training posts.

- Six month work experience opportunities for 16-19 year olds from Aylesbury College in the form of a Traineeship. Five trainees have completed the programme this year which offers an education and training programme that is focussed on giving young people skills and experience in the workplace and is often a precursor to an apprenticeship.

- 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 a total of 295 children currently set to have completed the programme by September 2016 since its inception.

- The local radio's Community Challenge which is now in its third year. Last year's project to renovate a community kitchen used by two local charities was officially opened in June 2015. This year a project to renovate two multi-sensory areas at a local school that offers educational provision for students with complex learning difficulties has been agreed.

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- Nurture Your Neighbourhood which has been running for one year and has achieved a number of improvements. This completely resident led initiative sees residents review applications, visit prospective locations and assess, report and recommend which projects to support. They have an annual budget of £10,000 with additional funding available where appropriate.

- Following the previous year's success a Summer Activity programme for children which offered a variety of activities including horse-riding, bowling, multisport activities and daytrips. There was a 13% increase in attendance on the prior year with 116 young residents benefitting from the programme.

Positively Engaging with Our Residents

There are now more than 1,000 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 number of tenants satisfied with opportunities for involvement has increased from 66% last year to 70% currently.

Resident Involvement (RI) has been promoted this year throughout the company by offering employees face to face training in Resident Engagement which provided a practical guide in how to engage with residents. This training was primarily offered to employees who facilitate groups or are likely to carry out an event with residents and was taken up by 33 employees.

The Tenant Scrutiny Panel (TSP) provides a review and challenge to the manner in which services are delivered. The Panel has completed three inquiries this year with outcomes reported to the Board and action plans agreed. TSP members are supported by individual training programmes which are now being rolled out following an annual appraisal process. A recruitment drive took place this year and three new members were recruited.

Other resident involvement initiatives undertaken this year include:

- The community engagement newsletter "Impact" which keeps involved residents up to date with resident involvement and community engagement at the Trust was launched in October 2015 with the second edition, supported by a "*get involved"* leaflet distributed earlier this year.

- Recruitment and training of Resident Inspectors, who look at service standards for specific areas, is ongoing. They have recently reviewed estate services and garage and estate walkabouts. Resident Inspectors can also be called upon to support TSP inquiries.

- The resident training programme proved popular and has been repeated. Training included first aid for baby and child, basic DIY skills, practical gardening, confidence building, formal training on performance information, writing business reports and tenancy sustainment.

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- Two work placement opportunities were secured and provided with Blake Morgan solicitors and Keepmoat Builders as part of the procurement tendering process. The youth panel were also given training on CV writing and interview skills.

- A number of talks to local schools to raise awareness of the issues caused by littering in addition to supporting the Clean for the Queen litter campaign.

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. The business transformation programme “Be the difference” which was launched in 2014 aimed to improve 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 Trust has utilised internal resource to provide training across a range of areas this year. For example the training session for office staff on the “Be the difference” programme has been led by appropriately trained internal resource. This approach provides development opportunities for key staff, introduces a vehicle for the programme’s future rollout, makes savings on future consultant costs and better integrates the principles within the business. Cost savings for this area alone against an external provision in the year total £36,000.

Employees are encouraged to make suggestions for improving services and value for money and to take the initiative for continuous improvement themselves. A value for money register has been adopted throughout the business and provides a mechanism for each team to regularly review and record their improvements.

The E-Learning programme was extended in 2015 and included a new Value for Money module. As a refresher to current employees and an induction for new starters it ensures a consistent VfM message is promoted across the Trust and provides staff with a clear understanding of how they can influence VfM.

A revised bonus system has been introduced for direct labour operatives this year which increases focus on behaviour and service and as such will be more closely aligned with the company’s objectives to improve service performance.

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

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- 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 number of days lost to sickness as indicators of the effectiveness of this strategy. Both measures show improvement with staff turnover reducing to 14.5% from 18.1% and average sickness absence reducing to 10.3 days from 11.7 days in the previous year. Absence management continues to be a focus with further improvement anticipated with a target set for the coming year of 8.5 days.

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. This year has seen an improvement in the majority of the company's KPIs across a range of measures with overall service levels increasing, service costs generally reducing and asset management in terms of void turnaround continuing the improvements from last year. However it is recognised that there is still scope for improvement particularly when compared to peer group results.

To this end, the company remains committed to the continued application of lean processes. A strategic diagnostic review has been completed and two service areas were identified for review; Repairs and Neighbourhood Services. The Repairs Lean Systems Review has been completed and a comprehensive action plan is in place which, when implemented, it is forecast will result in savings of around £50,000. The action plan from the Neighbourhood Services Review is now being prepared where potential benefits will be quantified.

In order to better understand the cost of each of the services it provides, the company has extended the range of cost measures to be regularly monitored; these include Resident Involvement, Allocations & Lettings, Tenancy Management, Cyclical Repairs, Major Works, ASB and Rent Arrears. These ratios will allow cost trends to be understood and cost improvement areas to be targeted.

The company continues to seek value in its contract negotiations and renewals. Examples of contracts that have been successfully awarded this year at reduced costs include the materials supply contract, photocopying and printing contract, insurance services and lift servicing and maintenance which have delivered combined first year savings of £198,000.

The company continues to consider the application of new technology to best effect and has continued with the agreed action plan from its strategic review of IT systems. Further investment has been made in new software and hardware including the introduction of computer tablets and software for the independent living team, as

Operating and Financial Review and Strategic Report

well as investments in service charge management software and improved remote access software.

Customer service and communication has been enhanced by increased investment in the company's text messaging service and through the appointment of dedicated housing management system champions across the business to support the transfer of data ownership to the teams and thereby the quality of data input.

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 value of garage rental income has increased by £100,000.

The company has used its internal resource where feasible to undertake commercial boiler replacements and some major voids works which has saved £150,000 in the year when compared to the cost of contractor installations.

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

- The adoption where appropriate of in house expertise to provide training sessions to staff and residents has resulted in £46,000 of cost benefits as well as staff development opportunities.

- The post of Strategic Procurement Manager has been recruited 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.

- Tenancy fraud management processes have been reviewed and promoted internally through staff awareness sessions and externally through the resident newsletter. Eleven tenancy related frauds and potential frauds were identified during the year with investigations concluded so far resulting in the return of seven properties which have been reallocated to those in housing need.

- The level of minor voids work undertaken by the "in house" Voids team has increased from 92% to 95% of works scheduled for the year to date. This has led to a reduction in contractor spend on voids of £87,000.

- Further training of contact centre staff to clarify rent recovery processes has led to this team managing more calls at first point of contact. Calls transferred to the specialist rent advisors have reduced from 25% to 15% allowing them more time to make outbound calls and carry out home visits.

- An incentive driven Direct Debit promotion has resulted in an additional 289 direct debit payments being set up this year simplifying rent collection processes.

Operating and Financial Review and Strategic Report

- The company continues to evaluate development opportunities outside the Vale of Aylesbury geographic boundary but only where an effective management and maintenance service can still be provided.

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 in addition to those referenced elsewhere in this report:

- The impact of the reduction in rent levels through to 2020 has been properly considered and reflected in our business planning. The company has targeted a series of actions to mitigate the impact of the income reduction over this period which are reflected within the latest plans.

- It is planned to find staffing efficiencies through more rigorous review of vacant posts which arise in the normal course of business and also through streamlining services to deliver more effectively.

- Investment in the rollout of lean systems methodologies will continue. A strategic diagnostic has been undertaken which has reviewed systems and processes across the company and identified the benefits that a formal 'lean thinking' programme could deliver. The strategic diagnostic has led to a plan of future reviews being established. Each review will provide service and cost benefits in its respective area and overall these combined are targeted to recover the cost of the review process within three years. Two further reviews are planned for this year on garage management and service charge processes.

- By March 2017 the outcomes from the lean systems review of the repairs function will have been implemented with service improvement and a 1% reduction in the total cost per property KPI achieved.

- During 2016/17 the company will have completed its strategic asset review and implemented software improvements which will support a more detailed review of asset performance and support its asset management process.

- The company has determined the most effective sourcing option for the provision of major improvement works from 2016 and will implement this during the year. Options appraisals on alternative solutions have been undertaken and the internalisation of some works is planned in 2016. Future annual savings of £190,000 are targeted in addition to an improvement in customer satisfaction through improved control and flexibility.

- Our void repair costs have improved this year but remain high when compared to our peer group. The drivers influencing void repair costs will be investigated with a view to making proposals to achieve future reductions in expenditure.

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- The company plans a review to determine the most effective sourcing solution for electrical works for the next five years based upon the planned volume of activity.

- The introduction of an internal scaffolding resource was delayed but is now planned in the year. It is expected to deliver an improved service and a reduction in cost with the investment targeted to be recovered inside two years.

- The company's applicant tracking and recruitment system is being resourced this year. As well as offering service level and efficiency improvements the new system will provide an estimated cost saving of £15,000 per annum.

- The development of a procurement intranet page to support budget holders to be more effective in their procurement decisions. This page will provide advice and guidance on the procurement process and support the delivery of the most effective solution.

- The action plan from the strategic review of the IT systems will continue. The company is undertaking a review of its housing management system and seeking opportunities to use technology to support the delivery of future service and efficiency improvements.

- The company seeks to work more collaboratively with other housing associations, in particular to explore the possibility of sharing services with a view to achieving future efficiency savings.

- Benchmarking provides a valuable source of comparative cost and performance data for the company. The company has reviewed its peer group and from April 2016 changed it to those associations with 5,000-10,000 units and with a direct labour workforce; this improves the relevance and quality of the information provided. This data together with the recently published "headline social housing cost per unit" data will be used to identify, support and prioritise future improvement opportunities.

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	The Welfare Reform Group continues to oversee the impact of the rollout of Universal Credit and has an ongoing action plan to mitigate it. The increased use of automation and technology within the rents team allows more time for the rent advisors to deal personally with those who need help. The additional resources in the Welfare and Rent teams have been maintained. Resident training is available on a range of topics. The business plan has been reviewed and stress tested.	Effectively Managing the Business Positively Engaging with our Residents Investing in our Neighbourhoods and Communities.
Government action impacting future income and asset valuations	The impact of the rent reductions announced in July 2016 for four years gave rise to a review of the business plan and the identification of efficiencies required over the next few years. The revised business plan has been stress tested and further efficiency and reductions in the cost of service delivery will be ongoing themes in the development of future plans. The company will continue to monitor the external situation and review its business plan assumptions as appropriate.	Effectively Managing the Business
Poor service delivery	Targets set and performance reported across a range of services on a monthly basis. The "Be the Difference" transformation programme has been rolled out across the business and has been specifically tailored to help embed a customer focussed culture. Independent satisfaction surveys are conducted on an ongoing basis. Resident groups are established to consider particular service areas. Tenant Scrutiny Panel monitors and	Taking Pride in our Services Positively Engaging with our Residents Investing in our Neighbourhoods and Communities.

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Key risk	Status	Strategic objective
	performs reviews, making recommendations for service improvements.	
Failure to deliver our development programme	Regular review of the development programme with oversight by the Property Investment Committee, comprising several Board Members. Progress updates communicated regularly with the Homes and Communities Agency directly and through The Guinness Partnership, our development partner. Revised and increased funding facility is in place which supports development in the latest business plan.	Providing Quality Affordable Homes and Services
Poor governance or management	Rigorous processes are followed in the recruitment of the Chair, Board members and Executive Directors. Regular appraisal of Board Members and analysis of training and development needs informs training programme. Skills gaps considered in the recruitment of new Board Members. Comprehensive induction programme is provided for Board Members. Audit Committee in place with oversight of delegated authorities and an annual internal audit programme. Adopted NHF Code of Governance	Effectively Managing the Business
Failure to recruit and retain quality staff and managers	Salaries and terms and conditions are benchmarked. Investment in training and development. Regular staff engagement surveys. Active Employee Consultative Committee.	Effectively Managing the Business Being a Great Employer
Rise in final salary pension scheme liabilities become unaffordable	Business plan adopts differential rates of inflation for income and cost. Varying cost inflation rates applied to different cost elements within the plan Scenario test reflects the impact of changes to inflation rates	Effectively Managing the Business Being a Great Employer

Operating and Financial Review and Strategic Report

Financial Position

The company has prepared financial statements for the year to 31 March 2016 under the new financial reporting standard (FRS102). The statements have been prepared as if the accounts have always been completed on this basis, and the 2015 comparatives have been adjusted. The changes made in adopting FRS102 are set out in Note 32.

The main changes to the statements are:

- Properties originally transferred from Aylesbury Vale District Council have been restated at 31 March 2014 on a one-off basis to valuation; this becomes 'deemed cost'.

- Grants are no longer set off against housing properties, but are shown separately in creditors.

- A prior year adjustment has been made to reclassify garages and shops as investment properties; as such they are now shown at 'fair value' rather than cost.

The statement of comprehensive income on page 33 shows a surplus of £3.3 million for the year (2015 restated: £4.7 million). This surplus is after capitalising £4.1 million of improvement expenditure (2015: £4.7 million) and impairment of £3.8 million from two housing developments. This financial performance is within the business plan parameters and the company has met the lender's covenants. The turnover for the year was £43.5 million (2015: £41.4 million).

The balance sheet is shown on page 35. 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.

The decision made by the British people in June 2016 to leave the European Union is likely to have some future implications for the company. At this stage there are many uncertainties and the company continues to monitor and seek to mitigate the situation through its risk management processes, with particular regard to the potential impact on customers, suppliers, interest rates and property prices. It is considered that there will be limited impact on the company in the short term and, as the exit strategy and process unfolds, potential medium and longer term effects may emerge.

Accounting policies

The company's principal accounting policies are set out on pages 37 to 45 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. The accounting policies have been rewritten to reflect the introduction of the new financial accounting reporting standards. This included a review of the economic life of the structure of properties, which has been increased to 125 years. As required by the new standard the

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accounting policies provide more information in relation to critical judgements and estimates.

Housing properties

At 31 March 2016 the company managed 7,441 (2015: 7,374) housing properties for rent of which it owned 7,343 (2015: 7,354) and held 98 under long leases. As part of the change to the new accounting standard FRS102, the company has taken the one-off opportunity to restate the value of properties transferred from the Local Authority from cost to value (Existing Use Value for Social Housing) at 1 April 2014. This is the deemed cost for these properties and has increased the value of housing properties on the balance sheet by £127.3 million, which is reflected in the revaluation reserve. Properties built or acquired since transfer remain at cost. Housing properties were carried in the balance sheet at 31 March 2016 at cost (after depreciation) of £272.1 million (2015 restated: £270.3 million). The Board appointed JLL as external professional valuers to carry out an annual valuation of the company's properties for security purposes as at 31 March 2016. The value on an Existing Use Value - Social Housing basis was £305.7 million (2015: £304.8 million).

Impairment

The Chancellor's announcement in July 2015 of future rent reductions triggered an impairment review of our properties. In addition a contractor on one of our development schemes went into administration during the year and the additional costs incurred by changing contractor and leaving the site closed during this process have given rise to an impairment. In total 59 properties have been impaired and the charge to operating costs is £3.8m (2015 - nil)

Reserves

After transfer of the surplus for the year of £3.3 million (2015: £4.7 million) and the actuarial gain of the pension scheme of £2.0 million (2015: loss £2.7 million), at the year end the reserves amount to a surplus of £136.9 million (2015: £131.7 million). This includes £127.3 million in relation to the one-off revaluation of properties (2015: £127.9m).

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.

Capital structure and treasury policy

The company has a £175.6 million loan facility arranged with Barclays Bank plc of which £134.3 million was drawn at 31 March 2016. This facility was increased this

Operating and Financial Review and Strategic Report

year by £20 million and restructured so that £40 million of the total facility is repayable in 5 years. The remainder 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 2016, 63% of borrowings were at fixed rates of interest ranging from 4.9% to 5.3%.

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 net cash generated from operating activities for the year to 31 March 2016 was £17.2 million (2015: £18.0 million). This is after charging major repairs of £8.2 million to the statement of comprehensive income (2015: £8.9 million). There was a net increase in cash of £3.3 million (2015: £4.7 million).

Future Developments

Projections indicate that borrowings will increase to around £175 million in the next four 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 cross subsidy from shared ownership sales 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 is participating in the HCA 2015-18 Affordable Homes Programme and is currently considering whether to participate in the 2016-21 programme. The projected borrowing requirement will be funded from the existing loan facility.

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 28 July 2016 and signed on its behalf by:

David Briercliffe
Vice Chair of the Board
28 July 2016

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, three persons nominated by Aylesbury Vale District Council and four 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.

Regulatory compliance

A review of compliance with regulatory standards has been undertaken and the company complies with Governance and Financial Viability Standard.

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 Byelaws were amended to support the development of a Membership Policy and the Articles of Association were amended to reflect the nomination by Aylesbury Vale District Council of Council Board Members rather than the appointment directly onto the Board.

Report of the Directors

- There have been a number of changes to board membership this year; one council member board member has resigned and two new council board members appointed; one tenant board member resigned and a new tenant board member appointed and one independent member has resigned.

- Since the year end there has been the appointment of an independent member to be chair of the Board.

Donations

During the year a total of £6,450 of donations were made (2015: £6,840). £5,000 was donated to the Winter Emergency Project for Aylesbury Homeless Action. £330 was donated to Aylesbury Vineyard, a charity which provides emergency food donations, at the choice of staff foregoing a Christmas lunch. The company matched charity funding raised by staff during the year for Florence Nightingale Hospice Charity, Children in Need, Marie Curie, Sense, Cancer Research, Donate Like a Pro, Genetic Disorders UK, Anthony Nolan, Rennie Grove Hospice and Macmillan Nurses. Raffle prizes with a value of £77 were 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 (2015: £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 47 micrograants and 21 project grants were awarded. Second year payments were made for twelve revenue grants awarded in 2013 for 2014-17. Since transfer, a total of 694 Community Chest grants had been approved by 31 March 2016 with total grant funding amounting to £4,092,779.

Going concern

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

Report of the Directors

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

The process for identifying, evaluating and managing the significant risks faced by the company is ongoing and has been in place throughout the period from 1 April 2015 to the date of approval of this report and financial statements.

Key elements of the control framework include:

- regular reporting to the Board on key risks, business objectives, targets and outcomes;
- 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;
- Board approved confidential reporting (whistle blowing) policy;
- Board approved anti-fraud and corruption policy and code of conduct, covering prevention, detection and reporting of fraud; and
- Board approved Business Planning, Risk & Control Framework.

A fraud register is maintained and is available for review by the Audit 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 29 September 2016.

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 28 July 2016 and signed on its behalf by

David Briercliffe
Vice Chair of the Board
28 July 2016

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

We have audited the financial statements of Vale of Aylesbury Housing Trust Limited for the year ended 31 March 2016 which comprise Statement of Comprehensive Income, Statement of Changes in Reserves, Balance Sheet and Statement of Cashflows 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) including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

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

Scope of the audit of the financial statements
A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's 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 charitable company's affairs as at 31 March 2016 and of its surplus for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2015; and

- have been prepared in accordance with the requirements of the Companies Act 2006.

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors and the Operating and financial review and strategic report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

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

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

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

28 July 2016

Statement of Comprehensive Income

For the year ended 31 March 2016

	Note	2016	2015
		£'000	£'000
Turnover: continuing activities	3	43,574	41,406
Operating costs	3	(36,493)	(32,247)
Operating surplus: continuing activities		7,081	9,159
Surplus on sale of fixed assets	6	674	383
Interest receivable and other income	7	367	381
Interest payable and similar charges	8	(5,092)	(4,796)
Fair value movements	15	263	(417)
Surplus on ordinary activities before taxation		3,293	4,710
Taxation		(2)	-
Surplus for the financial year		3,291	4,710
Actuarial gain/loss on defined benefit pension scheme	10	1,971	(2,702)
Total comprehensive income for the year		5,262	2,008

The company's results relate wholly to continuing activities.

The financial statements were approved by the Board on 28 July 2016 and signed on its behalf by:

David Briercliffe
Vice Chair of the Board

John Morley
Board Member

The accompanying notes form part of these financial statements.

Statement of Changes in Reserves

For the year ended 31 March 2016

	Note	Income and expenditure reserve £'000	Restricted reserve £'000	Revaluation reserve £'000	Total £'000
Balance as at 1 April 2014		(6,609)	4,399	-	(2,210)
Prior Year Adjustment	32	3,242	-	-	3,242
Total comprehensive income for the year		2,008	-	-	2,008
Revaluation of tangible assets at fixed cost		-	-	128,626	128,626
Release of revaluation reserve on disposal		756	-	(756)	-
Transfer of restricted expenditure to income and expenditure reserve		4,399	(4,399)	-	-
Balance at 31 March 2015		3,796	-	127,870	131,666
Total comprehensive income for the year		5,262	-	-	5,262
Release of revaluation reserve on disposal		556	-	(556)	-
Balance at 31 March 2016		9,614	-	127,314	136,928

The accompanying notes form part of these financial statements.

Balance Sheet

At 31 March 2016

	Note	2016	2015
		£'000	£'000
Fixed assets			
Intangible fixed assets	12	217	151
Tangible fixed assets - Housing properties	13	272,114	270,388
Tangible fixed assets - other	14	4,675	4,859
Investment properties	15	4,900	4,600
		281,906	279,998
Current assets			
Properties held for sale	16	660	613
Trade and other debtors	17	2,227	2,512
Investments	18	3,795	5,075
Cash and cash equivalents		14,322	9,698
		21,004	17,898
Creditors: Amounts falling due within one year	19	(10,394)	(10,709)
Net current assets		10,610	7,189
Total assets less current liabilities		292,516	287,187
Creditors: Amounts falling due after more than one year	20	145,984	144,755
Net pension liability	10	9,604	10,766
Total non-current liabilities		155,588	155,521
Total net assets		136,928	131,666
Capital and reserves			
Income and expenditure reserve		9,614	3,796
Revaluation reserve		127,314	127,870
		136,928	131,666

Registered company number 5438914

The financial statements were approved by the Board on 28 July 2016 and signed on its behalf by:

David Briercliffe	John Morley
Vice Chair of the Board	Board Member

The accompanying notes form part of these financial statements.

Statement of Cash flows

For the year ended 31 March 2016

	Note	2016	2015
		£'000	£'000
Net cash generated from operating activities	25	17,170	18,041
Cashflow from investing activities			
Purchase of tangible fixed assets		(12,014)	(17,576)
Proceeds from sale of tangible fixed assets		1,753	2,064
Grants received		1,187	2,243
Interest received		116	157
		(8,958)	(13,112)
Cashflow from financing activities			
Interest paid		(4,868)	(4,376)
Loans received		-	4,100
		(4,868)	(276)
Net change in cash and cash equivalents		3,344	4,653
Cash and cash equivalents at the beginning of the year		14,773	10,120
Cash and cash equivalents at the end of the year		18,117	14,773

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

This is the first year in which the financial statements have been prepared under FRS 102. Information on the impact of first time adoption is given in note 32.

Going concern

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

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

Significant judgements and estimates

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

Significant management judgements

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

Capitalisation of Property Development costs

Distinguishing the point at which a project is more likely than not to continue, allowing capitalisation of associated development costs requires judgement. After capitalisation management monitors the asset and considers whether changes indicate that impairment is required. The total amount capitalised in the year was £3.9 million.

Notes to the Financial Statements

2. Accounting policies (continued)

Categorisation of Housing Properties

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

Financial Instruments

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

Estimation Uncertainty

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

Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components, Accumulated depreciation at 31 March 2016 was £14.5 million.

Defined benefit obligation (DBO)

Management's estimate of the DBO is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in Note 10). The liability at 31 March 2016 was £9.6 million.

Allocation of value to land, structure and components

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

Investment properties

Investment properties are professionally valued annually using the investment method of valuation based on the capitalisation of rents, having regard to potential growth and risk factors. The 2016 valuation assumed all-risks initial yields (capitalisation rates) of 10%-12%.

Notes to the Financial Statements

2. Accounting policies (continued)

Rental and other trade receivables

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

Turnover and revenue recognition

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

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

Value Added Tax

The Company charges Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is suffered by the company and not recoverable from HM Revenue & Customs. The balance of VAT 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 received in advance; or

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

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

Financial Instruments

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

Basic financial instruments are recognised at amortised historic cost.

Notes to the Financial Statements

2. Accounting policies (continued)

Debtors

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

Creditors

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

Employee Benefits

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

Pension costs

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

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

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

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

Notes to the Financial Statements

2. Accounting policies (continued)

Housing Properties

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

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

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

Investment properties

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

Government grants

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

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

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

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

Notes to the Financial Statements

2. Accounting policies (continued)

Government grants (continued)

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

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

Other grants

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

Depreciation of housing properties

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

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

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

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

At the date of transition to FRS102, the useful economic life of ‘structure’ has been reassessed to 125 years from the previous 50 years; this reflects the fact that properties still have value beyond the original 50 year useful economic life.

Notes to the Financial Statements

2. Accounting policies (continued)

Impairment

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

Intangible assets

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

Computer software is depreciated over 2 to 4 years.

Other tangible fixed assets

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

Assets are depreciated over the periods shown below:

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

Leased assets

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

Loan finance issue costs

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

Properties for sale

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

Notes to the Financial Statements

2. Accounting policies (continued)

Provisions for liabilities

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

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

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

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

Right to Buy

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

Reserves

The company establishes *restricted reserves* for specific purposes where their use is subject to external restrictions 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 17 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.

Notes to the Financial Statements

2. Accounting policies (continued)

Reserves (continued)

Community Chest Creditor
Each year for the 10 years to 2016, 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.

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

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

Continuing activities

	2016 Turnover £'000	2016 Operating costs £'000	2016 Operating (deficit) /surplus	2015 Operating (deficit) /surplus £'000
Social housing lettings	41,915	(35,764)	6,151	8,614
Lettings	886	(208)	678	428
Leasehold	613	(144)	469	277
Other	160	(127)	33	90
Community Chest	-	(250)	(250)	(250)
	1,659	(729)	930	545
Total	43,574	(36,493)	7,081	9,159

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

	2016 General needs housing £'000	2016 Housing for older people £'000	2016 Low cost home ownership £'000	2016 Total £'000	2015 Total £'000
Rent receivable net of identifiable service charges	37,086	2,814	185	40,085	38,343
Service income	828	700	1	1,529	1,355
Charges for support services	-	186	-	186	186
Other revenue grants	115	-	-	115	81
Turnover from social housing lettings	**38,029**	**3,700**	**186**	**41,915**	**39,965**
Management	7,667	748	44	8,459	7,765
Services	691	684	-	1,375	1,264
Routine maintenance	6,564	636	-	7,200	7,218
Planned maintenance	1,116	99	-	1,215	1,036
Major repairs expenditure	7,579	637	-	8,216	8,861
Bad debts	86	8	-	94	105
Impairment	3,803	-	-	3,803	-
Depreciation of housing properties	5,022	324	56	5,402	5,102
Operating costs on social housing lettings	**32,528**	**3,136**	**100**	**35,764**	**31,351**
Operating surplus on social housing lettings	**5,501**	**564**	**86**	**6,151**	**8,614**
Void losses	**197**	**26**	**8**	**231**	**372**

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

	2016	2015
	£'000	£'000
Shops	168	124
Garages	678	578
Other	40	40
	886	742

4. Accommodation in management

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

	2016	2015
	No.	No.
Social housing		
General housing	6,756	6,695
Supported housing and housing for older people	591	591
	7,347	7,286
Low cost home ownership	94	88
Total social housing owned and managed	7,441	7,374
Non-social housing		
Leasehold properties	629	627
Commercial	44	39
Garages	2,005	2,063
Total non- social housing	2,678	2,729
Total owned and managed	10,119	10,103
Accommodation in development at the year end	66	55

Notes to the Financial Statements

5. Operating Surplus

This is arrived at after charging:

	2016 £'000	2015 £'000
Depreciation of intangible assets	147	210
Depreciation of housing properties	5,402	5,102
Impairment of housing properties	3,803	-
Depreciation of other tangible fixed assets	612	606
Amortisation of grants	(102)	(81)
Operating lease rentals		
- vehicles	13	11
Auditors' remuneration (excluding VAT)		
- for audit services	35	25
- for other services	5	4

6. Surplus on sale of fixed assets

	2016 £'000	2015 £'000
Housing Properties - Disposal proceeds	1,753	2,064
Housing Properties - Carrying value of fixed assets	(1,079)	(1,678)
Other Fixed Assets – Carrying value of fixed assets	-	(3)
	674	383

7. Interest receivable and other income

	2016 £'000	2015 £'000
Bank interest	82	65
Other income	285	316
	367	381

8. Interest and financing costs

	2016 £'000	2015 £'000
Defined Benefit Pension Charge	357	355
Loans and bank overdrafts	4,818	4,699
Other loan and security costs	77	77
	5,252	5,131
Less Interest payable capitalised on housing properties under construction	(160)	(335)
	5,092	4,796
Capitalisation rate used to determine the finance costs capitalised during the period	3.5%	3.5%

Notes to the Financial Statements

9. Employees

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

	2016	**2015**
	No.	**No.**
Direct labour operatives	52	50
Other	179	177
	231	227

Employee costs:

	2016	**2015**
	£'000	**£'000**
Wages and salaries	8,364	8,274
Social security costs	797	743
Other pension costs	896	837
	10,057	9,854

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):

	2016 No.	2015 No.
£60,001 - £70,000	2	6
£70,001 - £80,000	5	1
£80,001 - £90,000	0	0
£90,001 - £100,000	0	1
£100,001 - £110,000	2	2
£110,001 - £120,000	1	1
£120,001 - £130,000	1	0
£140,001 - £150,000	0	1
£150,001 - £160,000	1	0

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 £871,000 for an average of 190 employees (2015: £837,000 for 180 employees).

The company's best estimate of contributions to be paid to the schemes for the next accounting period is £860,000.

Notes to the Financial Statements

10. Pension Schemes

Social Housing Pension Scheme (SHPS)

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

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

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

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

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

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

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

Notes to the Financial Statements

10. Pension Schemes (continued)

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

Present value of provision

	31 March 2016 £'000	31 March 2015 £'000
Present value of provision	178	66

Reconciliation of opening and closing provisions

	Year Ended 31 March 2016 £'000
Provision at start of period	66
Unwinding of the discount factor (interest expense)	1
Deficit contribution paid	(5)
Remeasurements – impact of any change in assumptions	(1)
Remeasurements – amendments to the contribution schedule	117
Provision at end of period	178

Statement of Comprehensive Income impact

	Year Ended 31 March 2016 £'000
Interest expense	1
Remeasurements – impact of any change in assumptions	(1)
Remeasurements – amendments to the contribution schedule	118
Contributions paid in respect of future service	299
Costs recognised in the statement of comprehensive income	304

Notes to the Financial Statements

10. Pension Schemes (continued)

Assumptions

	31 March 2016 % per annum	31 March 2015 % per annum
Rate of discount	2.06	1.92

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

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

Deficit contributions schedule

Year ending	31 March 2016 £'000	31 March 2015 £'000
Year 1	16	5
Year 2	17	6
Year 3	17	6
Year 4	18	6
Year 5	18	6
Year 6	19	6
Year 7	20	7
Year 8	20	7
Year 9	21	7
Year 10	21	7
Year 11	11	7
Year 12	-	4

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

It is these contributions that have been used to derive the company's balance sheet liability.

Notes to the Financial Statements

10. Pension Schemes (continued)

Buckinghamshire County Council Pension Fund (BCCPF)

The BCCPF is a multi-employer scheme, administered by Buckinghamshire County Council under the regulations governing the Local Government Pension Scheme, a defined benefit scheme. The most recent formal actuarial valuation was completed as at 31 March 2013.

The scheme is closed to new entrants. The employers' contributions to the BCCPF by the company for the year ended 31 March 2016 were £567,000 (2015: £587,000) 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 2016**		**31 March 2015**	
	% p.a.	**% Real**	**% p.a.**	**% Real**
RPI increases	3.4	-	3.3	-
CPI increases	2.5	(0.9)	2.5	(0.8)
Salary increases	4.3	0.9	4.3	1.0
Pension increases	2.5	(0.9)	2.5	(0.8)
Discount rate	3.8	0.4	3.4	0.1

Mortality assumptions

The assumed life expectancy from age 65:

	2016 Years	**2015 Years**
Retiring today		
Males	23.8	23.7
Females	26.2	26.1
Retiring in 20 years		
Males	26.1	26.0
Females	28.5	28.4

Notes to the Financial Statements

10. Pension Schemes (continued)

Sensitivity analysis

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

	£'000	**£'000**	**£'000**
Adjustment to discount rate	+0.1%	0%	-0.1%
Present value of defined benefit obligation	23,612	24,123	24,646
Projected service cost	909	930	952
Adjustment to mortality age rating assumption	+1 year	None	-1 year
Present value of defined benefit obligation	24,792	24,123	23,473
Projected service cost	954	930	907

Amounts recognised in surplus:

	2016 £'000	**2015 £'000**
Current service cost	1,045	746
Administration expenses	10	10
Amounts charged to operating costs	**1,055**	**756**

	2016 £'000	**2015 £'000**
Net interest	356	355
Amounts charged to other finance costs	**356**	**355**

Notes to the Financial Statements

10. Pension Schemes (continued)

Net pension liability as at:

	31 March 2016 £,000	31 March 2015 £'000
Present value of funded obligation	24,123	24,530
Fair value of scheme assets (bid value)	(14,519)	(13,764)
Net Liability	**9,604**	**10,766**

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

	31 March 2016 £'000	31 March 2015 £'000
Opening defined benefit obligation	24,530	19,612
Service cost	1,042	746
Interest cost	832	897
Change in financial assumptions	(2,178)	3,408
Estimated benefits paid (net of transfers in)	(337)	(373)
Past service costs including curtailments	3	-
Contributions by scheme participants	231	240
Closing defined benefit obligation	24,123	24,530

Notes to the Financial Statements

10. Pension Schemes (continued)

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

	2016 £'000	2015 £'000
Opening fair value of scheme assets	13,764	11,830
Interest on assets	476	542
Return on assets less interest	(207)	948
Administration expenses	(10)	(10)
Contributions by employer including unfunded benefits	602	587
Contributions by scheme participants	231	240
Estimated benefits paid including unfunded benefits	(337)	(373)
Closing fair value of scheme assets	14,519	13,764

The total return on the fund assets for the year to 31 March 2016 is £269,000.

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

Employer Asset Share	**31 March 2016**		**31 March 2015**	
	£'000	**%**	**£'000**	**%**
Equities	7,771	54	7,517	55
Gilts	1,777	12	1,716	12
Other Bonds	1,770	12	1,782	13
Property	1,378	10	1,180	9
Cash	372	3	268	2
Alternative Assets	1,451	9	1,301	9
Total	14,519	100%	13,764	100%

Notes to the Financial Statements

11. Board Members and Executive Directors

Aggregate emoluments payable to key management personnel

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

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

	2016 £'000	2015 £'000
Amounts payable to executive staff	691	647
Amounts payable to non-executive Board members	45	49
	737	696

The emoluments of the highest paid director, the Chief Executive, excluding pension contributions, were £162,000 (2015: £151,000).

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:

	2016 £	2015 £
Expenses reimbursed to Board members	3,818	2,680

Notes to the Financial Statements

12. Intangible assets

	Software
	£'000
Cost	
At 1 April 2015	1,932
Additions	213
Disposals	(73)
At 31 March 2016	2,072
Depreciation	
At 1 April 2015	1,781
Charged in year	147
Disposals	(73)
At 31 March 2016	1,855
NBV	
At 31 March 2016	217
At 31 March 2015	151

Computer software was previously classified as a tangible fixed asset. Under FRS102, these assets are treated as intangible fixed assets.

Notes to the Financial Statements

13. Tangible fixed assets – properties

Housing properties	**Social housing properties held for letting £'000**	**Housing properties for letting under construction £'000**	**Non-social housing properties held for letting £'000**	**Total £'000**
Cost				
At 1 April 2015	265,551	6,636	4,108	276,295
Additions	3,707	4,427	-	8,134
Works to existing properties	3,876	-	-	3,876
Schemes completed	4,327	(4,624)	297	-
Disposals	(1,082)	-	(33)	(1,115)
At 31 March 2016	276,379	6,439	4,372	287,190
Depreciation and impairment				
At 1 April 2015	5,853	-	54	5,907
Charged in year	5,346	-	56	5,402
Released on disposal	(36)	-	-	(36)
Impairment charged in year	391	3,412	-	3,803
At 31 March 2016	11,554	3,412	110	15,076
NBV				
At 31 March 2016	264,825	3,027	4,262	272,114
At 31 March 2015	259,698	6,636	4,054	270,388

Notes to the Financial Statements

13. Tangible fixed assets – properties (continued)

Expenditure on works to existing properties

	2016 £'000	2015 £'000
Amounts capitalised	3,876	4,679
Amounts charged to the statement of comprehensive income	16,631	17,115
Total	20,507	21,794

Housing properties book value, net of depreciation:

	2016 £'000	2015 £'000
Freehold land and buildings	264,607	267,418
Leasehold land and Buildings	7,507	2,970
	272,114	270,388

Included in the cost of tangible fixed assets is £1.0 million (2015: £0.9 million) in respect of capitalised finance costs at an average interest rate of 3.5% (2015: 3.6%).

Impairment

The company treats each property as a separate cash generating unit (CGU) when assessing for impairment in accordance with the requirements of FRS102 and SORP 2014.

During the current year, the company has recognised an impairment loss of £3.8 million (2015 - £Nil) in respect of general needs housing stock. On 8 July 2015, the summer budget included the announcement that the Government will reduce rents in social housing in England by 1% a year for four years from April 2016. The Government indicated this will result in a 12% reduction in average rents by 2020/21, compared to current forecasts. As such, this triggered an indicator of impairment and a full review was performed. In addition a contractor on one of our development schemes went into administration during the year and the additional costs incurred by changing contractor and leaving the site closed during this process have given rise to an impairment.

59 units were impacted by the impairment loss calculated. The carrying value of these properties prior to the recognition of the impairment was £11.6 million.

Properties held for security

Vale of Aylesbury Housing Trust had property with a net book value of £231.9 million pledged as security at 31 March 2016 (£234.9 million – 2015).

Notes to the Financial Statements

13. Tangible fixed assets – properties (continued)

Valuation

On transition to FRS102, Vale of Aylesbury Housing Trust took the option of carrying out a one off valuation on a number of its housing properties and using that amount as deemed cost. To determine the deemed cost at 1 April 2014, the company engaged JLL Limited to value housing properties on an Existing Use Value for Social Housing (EUV – SH) basis. Housing properties will subsequently be measured at cost.

The valuation was carried out as a desktop exercise on an EUV-SH basis using discounted cashflows. The property portfolio was grouped by a number of key parameters to determine the valuation including:

- Location
- Spread
- Usage categories
- Age
- Rental streams less key deductions for expected maintenance and management costs
- Construction
- Property Type
- Tenure Type

The resultant cash flow was calculated over 30 years with the net income in year 31 capitalised into perpetuity with an assumption of CPI +1.25% rent increase per annum for 20 years then CPI +1% with a discount rate of 5.5%.

The carrying value at 31 March 2015 of letting properties under the cost model would be £132.7 million compared with £270.3 million shown above.

Notes to the Financial Statements

14. Tangible fixed assets – other

	Freehold Offices £'000	Furniture fixtures and fittings £'000	Computers £'000	Scheme & depot equipment £'000	Motor Vehicles £'000	Total £'000
Cost						
At 1 April 2015	4,514	276	1,127	675	864	7,456
Additions	-	-	15	413		428
At 31 March 2016	4,514	276	1,142	1,088	864	7,884
Depreciation						
At 1 April 2015	870	249	838	263	377	2,597
Charged in year	216	14	100	65	217	612
At 31 March 2016	1,086	263	938	328	594	3,209
Net book value						
At 31 March 2016	3,428	13	204	760	270	4,675
At 31 March 2015	3,644	27	289	412	487	4,859

Notes to the Financial Statements

15. Investment properties

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

Investment properties are valued using the investment method of valuation based on the capitalisation of rents, having regard to potential growth and risk factors. The valuation assumed all-risks initial yields (capitalisation rates) of 10%-12%.

The gain on revaluation of investment property arising of £263,000 has been charged to the income and expense for the year. Investment properties were included in the 2015 Financial Statements within fixed assets at a cost and net book value of £1.3m.

	2016	**2015**
	£'000	**£'000**
1 April	4,600	4,400
Additions	37	619
Disposals	-	(2)
Fair value movement	263	(417)
31 March	4,900	4,600

Notes to the Financial Statements

16. Properties for sale

Shared ownership properties	**2016 £'000**	**2015 £'000**
Completed properties	198	284
Work in progress	462	329
	660	613

17. Debtors

Due within one year	**2016 £'000**	**2015 £'000**
Rent and service charges receivable	1,511	1,391
Less: Provision for bad and doubtful debts	(512)	(531)
	999	860
Other debtors	234	274
VAT receivable	166	513
Prepayments and accrued income	828	865
	2,227	2,512

18. Investments

	2016 £'000	**2015 £'000**
Money held on Short term deposit	3,795	5,075

Notes to the Financial Statements

19. Creditors: amounts falling due within one year

	2016 £'000	2015 £'000
Trade creditors	264	413
Rent and service charges received in advance	826	914
Community Chest creditor	625	608
Home Starter Fund creditor	3	4
Deferred capital grant	156	121
Other Taxation and Social Security	207	199
Other creditors	2,643	3,177
Accruals and deferred income	5,670	5,273
	10,394	10,709

The Community Chest creditor of £625,000 and the Home Starter Fund creditor of £3,000 are offset by equal amounts included in the cash balance shown in the Balance Sheet.

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

	Note	2016 £'000	2015 £'000
Debt	23	132,817	132,914
Disposal Proceeds Fund	22	165	-
Unpaid contribution for retirement benefits	31	179	67
Deferred capital grant	24	12,823	11,774
		145,984	144,755

21. Recycled capital grant fund

	2016 £'000	2015 £'000
At 1 April	-	318
Withdrawn	-	(318)
At 31 March	-	-

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

Notes to the Financial Statements

22. Disposals Proceeds Fund

	2016 £'000	2015 £'000
Net Sales Proceeds recycled	165	899
Withdrawals	-	(899)
At 31 March	165	-

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

23. Debt analysis

	2016 £'000	2015 £'000
Due after more than one year		
Bank loans all due after five years	132,817	132,914
Bank loans	134,250	134,250
Loan Issue Costs	(1,433)	(1,336)
Total	132,817	132,914

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

Security

The bank loan is secure by a floating charge over the assets of the company and by fixed charges on individual properties.

Terms of repayment and interest rates

The interest on the long term bank loan is paid in quarterly instalments over the life of the loan and the principal will be repaid on a phased basis from 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 2016 the company had undrawn loan facilities of £41.9 million (2015: £21.3 million).

Notes to the Financial Statements

24. Deferred capital grant

	2016 £'000	2015 £'000
At 1 April	11,895	10,004
Grant received in the year	1,186	1,972
Released to income in the year	(102)	(81)
At 31 March	12,979	11,895

	2016 £'000	2015 £'000
Amounts to be released within one year	156	121
Amounts to be released in more than one year	12,823	11,774
	12,979	11,895

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

	2016 £'000	2015 £'000
Surplus on Ordinary activities before taxation	3,293	4,710
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	9,968	5,919
Amortisation of grants	(102)	(81)
Fair value movements	(263)	417
Interest receivable	(367)	(381)
Interest payable	5,092	4,796
Surplus / deficit on sales of assets	(674)	(383)
Community Chest	250	250
Working capital movements	17,197	15,247
Debtors	240	215
Creditors	(267)	2,579
Net cash inflow from operating activities	17,170	18,041

Notes to the Financial Statements

26. Capital commitments

Expenditure contracted for but not provided in the accounts was £210,000 (2015: £7,254,000).

Expenditure authorised by the Board but not contracted was £1,899,000 (2015: £4,764,000).

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

27. Leasing commitments

Operating lease payments amounting to £43,000 (2015: £11,000) are due between one and five years. The leases to which these amounts refer expire as follows:

	2016 £'000	2015 £'000
Expiring between one and five years		
Motor vehicle leases	11	11
Office Equipment	2	-
	13	11

28. Contingent liabilities

The company had no contingent liabilities at 31 March 2016 (2015: nil).

29. Related parties

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

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

Notes to the Financial Statements

30. Financial Instruments

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

	2016 £'000	2015 £'000
Financial assets		
Financial assets measured at historical cost		
- Trade receivables	999	860
- Other receivables	1,228	1,652
- Investments in short term deposits	3,795	5,075
- Cash and cash equivalents	14,322	9,698
Total financial assets	20,344	17,285
Financial liabilities		
Financial liabilities measured at amortised cost		
- Loans payable	132,817	132,914
- Capital Grant	12,979	11,895
Financial liabilities measured at historical cost		
- Trade creditors	264	413
- Other creditors	10,318	10,242
Total financial liabilities	156,378	155,464

Borrowing facilities

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

	2016 £'000	2015 £'000
Expiring in more than two years	132,817	132,914

Notes to the Financial Statements

31. Provisions for liabilities – other provisions

	SHPS Obligation £000	Leave pay £000	Total £000
At 1 April 2015	67	66	133
Additions	112	82	194
Utilised	-	(66)	(66)
At 31 March 2016	179	82	261

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

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

32. Transition to FRS102

The company has adopted FRS102 for the year ended 2015 and has restated the comparative prior year amounts.

Prior Year Adjustment

i) Investment Property

FRS102 requires that changes in the fair value of investment properties be recognised in surplus or deficit for the period. Previously garages and commercial properties were included as part of housing properties and were shown at cost which was standard treatment within the housing sector. The new SORP requires that these properties be reclassified as investment properties. This change has reduced reported surplus for the year ended 31 March 2015 and has increased the value of investment property on the balance sheet by £3,242,000.

Changes for FRS102 adoption

ii) Social Housing Grant

Social Housing Grant can no longer be offset against housing property within fixed assets and under section 24 of FRS102, where properties are held at deemed cost, the related social housing grant will be recognised initially under the performance model with subsequent grants measured using the 'accrual model' with the grant amortised over the life of the structure and components of the property.

Grants relating to revenue are recognised in the statement of comprehensive income over the same period as the expenditure to which they relate once performance related conditions have been met.

Notes to the Financial Statements

32. Transition to FRS102 (continued)

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

The effect on the 1 April 2015 balance sheet is the movement of £472,000 social housing grant (relating to assets where the deemed cost option has been applied) to reserves and £11,895,000 (relating to assets held at historic cost) to long term creditors.

iii) Deemed Cost

Section 35 of FRS102 allows first-time adopters to elect to measure property plant and equipment (PPE), at its fair value at the date of transition and use that fair value at its deemed cost at that date.

Section 17 of FRS102 states that any gain in revaluation must be recognised within comprehensive income and the revaluation reserves, any losses must be offset by any gains recognised in the revaluation reserve and then must be recognised within surplus/deficit before taxation.

Adoption of the deemed cost option has resulted in a net increase in fixed assets at 1 April 2014 of £128,626,000 with £128,626,000 of revaluation gains credited to revaluation reserve and a charge to income and expenditure reserves of £nil. Consequently, depreciation for the year ending 31 March 2015 has increased by £1,048,000 and amortised grant by £81,000.

iv) SHPS Pension

Under section 28 the company is now required to recognise the net present value of any contractual agreements to make additional payments for a past deficit. Using a discount rate of 1.92% this has resulted in a liability of £66,000 being recognised as a liability in the opening reserves.

v) Holiday Pay accrual

An accrual is now made for entitlement to holiday at the year end which has not been taken by employees. This has been calculated based on payroll records and totalled £66k as a liability in opening reserves.

Notes to the Financial Statements

32. Transition to FRS102 (continued)

	Explanation	2015 (Restated) £'000	2014 (Restated) £'000
Restated statement of financial position			
Revenue reserves as previously stated		1,410	(7,661)
Prior year adjustment	i)	3,242	-
Revaluation of investment property		-	417
Social housing grant amortisation	ii)	472	391
Additional depreciation	iii)	(1,046)	2
Surplus on disposals	iii)	(906)	-
SHPS Pension	iv)	(66)	-
LGPS interest adjustment		-	242
Holiday pay accrual	v)	(66)	-
Release of revaluation reserve on disposal		756	-
Reserves in accordance with FRS102		3,796	(6,609)

		£'000
Restated surplus for the year ended 31 March 2015		
Original surplus for the financial year		7,374
Revaluation of investment property		(417)
Grant income release	iii)	81
Additional depreciation	iii)	(1,048)
Surplus on disposals	iii)	(906)
SHPS Pension	iv)	(66)
LGPS interest adjustment		(242)
Holiday pay accrual	v)	(66)
Restated surplus for the financial year		4,710