

**Orbit Treasury Limited**

**Financial Statements**

**For the Year Ended 31 MARCH 2014** 31 March 2014

**Company Registration Number 06264601**

**Orbit Treasury Limited**

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# Orbit Treasury Limited

## Executive Officers and Auditors

### DIRECTORS

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

#### Name

Jackie Matthews	Non Executive Director/Chair	to 31 March 2014
David Young	Non Executive Director/Chair	Appointed 10 July 2013 and Chair from 1 April 2014
Richard Berrett	Non Executive Director	Appointed 10 July 2013
Anne Turner	Executive Director/Secretary	Secretary to 3 December 2013
Rosemary Hyde	Non Executive Director/Deputy Chair	to 31 March 2014
Lynn Dexter	Non Executive Director	
Paul Tennant	Executive Director	
Lorne Williams	Non Executive Director	
Richard Wright	Secretary	Appointed 3 September 2013

### Executive Officers

The Company had no employees during the year other than Directors (2013: Nil). The Executive Officers and staff of the parent association provide services to Orbit Treasury Limited through a Service Agreement. The Executive Officers of Orbit Group Limited, the parent association, are listed in their financial statements. The Directors benefit from a qualifying third party indemnity provision indemnifying them against legal claims from third parties that has been in place throughout the financial year and up to and including the date that the financial statements are signed.

#### Independent Auditors

PricewaterhouseCoopers LLP  
Cornwall Court  
19 Cornwall Street  
Birmingham  
B3 2DT

#### Principal solicitors

Trowers and Hamblins  
3 Bunhill Row  
London  
EC1Y 8YZ

#### Registered office

Garden Court  
Binley Business Park  
Harry Weston Road  
Binley  
Coventry  
West Midlands  
CV3 2SU

# Orbit Treasury Limited

## Strategic Report

The Directors present their Strategic Report on Orbit Treasury Limited for the year ended 31 March 2014.

### Review of the Business

Orbit Treasury Limited was set-up in September 2007 as a wholly owned subsidiary of Orbit Group Limited to provide cost-effective treasury management to members of the Orbit partnership. Orbit Treasury Limited has loan agreements in place with a number of banks, building societies and other financial institutions and draws down funds to on-lend to those Orbit subsidiaries that have entered into an Intra-group loan agreement, which sets out the basis of the relationship as well as how loans will be drawn and distributed and the basis of charging and repayment.

Orbit Treasury Limited has access to all assets of these subsidiaries, which are not subject to fixed charges to other lenders as all parties have entered into a cross guarantee structure. Loans drawn are secured on properties charged to a security trustee.

Orbit Treasury Limited supports members of Orbit in our aim to make our organisation great by continuing to provide a cost-effective treasury management service. Financial performance in the year exceeded expectations, allowing a gift aid donation of £1.5 million. During the year negotiations between Orbit Treasury Limited with both Lloyds and Nationwide culminated in the conversion of £130m of their Term Loans into short term Revolving Credit facilities. This has enabled the repayment of drawn loans to avoid holding high cash balances. The fifth anniversary of the Lloyds Term Loan ended with the first loan principal repayment of £9.2m.

### Treasury Policy and Management of Risk

The Board recognises that its high degree of debt makes it important to regularly review its treasury policy. The treasury function operates within a framework of clearly defined Orbit Board approved policies, procedures and delegated authorities. The fundamental principle underlying the Company's approach is to treat treasury activities as a means of controlling risk rather than for profit generation. For Orbit Treasury Limited this is reflected in a Value for Money approach to all activities undertaken in ways such as minimising loans drawn and cash held at bank, and removing and reallocating excess loan security. The average interest rate payable for the top 130 housing associations in the year ended March 2013 was 0.34% higher than Orbit Treasury's rate of 4.10%. If this benefit was maintained in 2014, with average balances of £716 million, the saving in interest cost would have amounted to just under £2.5m per annum.

Minimum credit ratings are applied to determine approved sources of finance/borrowing. This currently includes traditional loans/mortgages from banks, building societies and financial institutions, bank overdrafts, revolving credit loans and lease Hire Purchase agreements.

Approved types of Investment Instruments include money market deposits, bank accounts (including call accounts) with banks and building societies and pooled money market funds. Limits have been set on the size of investments that can be made and counterparties have to meet an approved minimum credit rating criteria.

Orbit Treasury Limited can use derivatives where they are permitted having previously received approval from our regulators. Derivatives can only be used to manage the interest rate risk of the Orbit Group by hedging, where appropriate, variable rate borrowings. The purpose of derivatives is to seek to minimise interest rate risk before maximising returns and at no time will derivatives be used as a trading instrument.

The following derivative transactions are currently included in the policy – interest rate swaps, forward rate agreements, interest rate options and cap and collar transactions. In relation to derivatives, Orbit Treasury Limited:

- Currently does not enter into interest rate floors, except as part of a collar arrangement.
- Will not write any of these transactions itself but will always transact derivatives from a counterparty.
- May also use interest rate swaps combining options (e.g. extendible/callable/cancellable swaps).

Further details of Orbit's risk management framework can be found in Orbit Group Limited's financial statements which are published on the Orbit website [www.orbit.org.uk](http://www.orbit.org.uk).

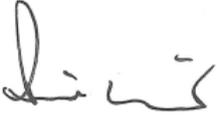
## **Orbit Treasury Limited**

### **Strategic Report**

#### **Key Performance indicators (KPIs)**

The performance of Orbit Treasury Limited is closely scrutinised by the parent company, Orbit Group Limited, and, therefore, the Company's directors believe that analysis using KPI's for the Company is not necessary or appropriate for an understanding of the development, performance or position of Orbit Treasury Limited. KPI's are included in the Operating & Financial Review Statement in the group's annual report.

Approved by the Board of Directors and signed behalf of the Board:



Richard Wright  
Company Secretary

31 July 2014

# **Orbit Treasury Limited**

## **Directors' Report**

The Directors present their annual report on the affairs of Orbit Treasury Limited (the Company) and the audited financial statements for the year ended 31 March 2014.

### **Results and Dividends**

The result for the financial year was £Nil (2013: £Nil). The Directors do not recommend payment of a Dividend. (2013: nil)

### **Charitable Donations**

The financial statements include a provision for Gift Aid donations totalling £1,503k (2013: £2,455k) payable to the parent company, Orbit Group Limited.

### **Directors**

The Directors who served during the year and up to the date of signing the financial statements are shown on page 1. The Directors benefit from a qualifying third party indemnity provision indemnifying them against legal claims from third parties that has been in place throughout the financial year and up to and including the date that the financial statements are signed. The Company is a wholly owned subsidiary of Orbit Group Limited.

### **Statement of Directors' responsibilities**

The Directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the Directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business;

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They 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.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Disclosure of information to auditors**

Each of the persons who is a Director at the date of approval of this report confirms that:

- (1) so far as the Director is aware, there is no relevant audit information of which the Company's auditors are unaware; and
- (2) each Director has taken all the steps that he/she ought to have taken as a Director in order to make himself/herself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

## **Orbit Treasury Limited**

### **Directors' Report**

#### **Going Concern**

The financial statements are prepared on a going concern basis.

Accordingly, after considering the forecast, appropriate sensitivities, current trading and available facilities, the Directors have a reasonable expectation that Orbit Treasury Limited has adequate resources to continue in operational existence for the foreseeable future and have concluded that the going concern basis of preparation is appropriate to enable the Company to continue trading for at least one year from the date of signing these financial statements

#### **Independent Auditors**

A resolution to re-appoint PricewaterhouseCoopers LLP as the Company's auditor for external audit services will be proposed at the Annual General Meeting.

Approved by the Board of Directors and signed behalf of the Board:



Richard Wright  
Company Secretary

31 July 2014

## **Orbit Treasury Limited**

### **Independent Auditors' Report to the members of Orbit Treasury Limited for the year ended 31 March 2014**

#### **Report on the financial statements**

##### **Our opinion**

In our opinion the financial statements, defined below:

- give a true and fair view of the state of the company's affairs as at 31 March 2014 and of its result and cash flows for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

This opinion is to be read in the context of what we say in the remainder of this report.

##### **What we have audited**

The financial statements, which are prepared by Orbit Treasury Limited, comprise:

- the balance sheet as at 31 March 2014;
- the profit and loss account for the year then ended;
- the cash flow statement for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

##### **What an audit of financial statements involves**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

In addition, we read all the financial and non-financial information in the financial statements (the "Annual Report") to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

##### **Opinion on other matter prescribed by the Companies Act 2006**

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

## Orbit Treasury Limited

### Independent Auditors' Report to the members of Orbit Treasury Limited for the year ended 31 March 2014

#### Other matters on which we are required to report by exception

##### **Adequacy of accounting records and information and explanations received**

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

##### **Directors' remuneration**

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

#### Responsibilities for the financial statements and the audit

##### **Our responsibilities and those of the directors**

As explained more fully in the Statement of Directors' Responsibilities set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and ISAs (UK & Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.



Richard Bacon (Senior Statutory Auditor)  
for and on behalf of PricewaterhouseCoopers LLP  
Chartered Accountants and Statutory Auditors  
Birmingham

Date: 14 August 2014

- (a) The maintenance and integrity of the Orbit Group Limited website on which Orbit Treasury Limited's financial statements may be disclosed is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.
- (b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation

**Orbit Treasury Limited**  
**Profit and Loss Account**  
**For the Year Ended 31 March 2014**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
<b>Turnover</b>	<b>32,206</b>	30,483
Cost of sales	<b>(30,754)</b>	(28,065)
<b>Gross profit</b>	<b>1,452</b>	2,418
Administrative Expenses	-	-
<b>Operating Profit</b>	<b>1,452</b>	2,418
Interest receivable and similar income	<b>51</b>	37
Gift Aid Donation	<b>(1,503)</b>	(2,455)
<b>Result on Ordinary Activities before taxation</b>	-	-
Tax on result on Ordinary Activities	-	-
<b>Result for the Financial year</b>	-	-
Profit and Loss at 1 April 2013/2012	<b>6</b>	6
<b>Profit and Loss Account at 31 March 2014/2013</b>	<b>6</b>	6

All activities derive from continuing operations. The Company has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

There is no material difference between the result on ordinary activities before taxation and the result for the financial years stated above and their historical costs equivalents.

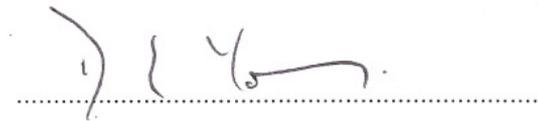
# Orbit Treasury Limited

## Balance Sheet

As at 31 March 2014

	Note	2014 £000	2013 £000
<b>Debtors: amounts falling due after more than one year</b>	5	<b>691,461</b>	685,222
<b>CURRENT ASSETS</b>			
Debtors	6	<b>28,690</b>	14,518
Investments	7	-	6,000
Cash at bank and in hand		<b>1,146</b>	644
		<b>29,836</b>	21,162
<b>CREDITORS: amounts falling due within one year</b>	8	<b>(15,345)</b>	(16,544)
<b>NET CURRENT ASSETS</b>		<b>14,491</b>	4,618
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>705,952</b>	689,840
<b>CREDITORS: amounts falling due after more than one year</b>	9	<b>(705,946)</b>	(689,834)
<b>NET ASSETS</b>		<b>6</b>	6
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	-	-
Profit and Loss account		<b>6</b>	6
<b>TOTAL SHAREHOLDERS' FUNDS</b>	14	<b>6</b>	6

The financial statements on pages 8 to 17 were approved by the Board of Directors and signed on its behalf by:



David Young  
Orbit Treasury Limited  
CHAIR

Date: 31 July 2014

Company Registration Number 06264601

## Orbit Treasury Limited

### Cash Flow Statement

For the Year Ended 31 March 2014

	Note	2014 £000	2013 £000
<b>NET CASH OUTFLOW FROM OPERATING ACTIVITIES</b>	11	<b>(21,004)</b>	(35,243)
<b>Returns on Investments and Servicing of Finance</b>			
Interest Received		89	-
<b>Management of Liquid Resources and Financing</b>			
<b>(i) Liquid Resources</b>			
Decrease/(Increase) in Bank Deposits (with a maturity in excess of 24 hours)	13.	6,000	(6,000)
<b>(ii) Financing</b>			
Financing	12	15,417	40,766
<b>INCREASE/(DECREASE) IN CASH</b>	12 & 13	<b>502</b>	(477)

Operating finance activities includes interest payable, interest receivable and associated income and expenditure.

# **Orbit Treasury Limited**

## **Notes to the Financial Statements**

### **For the Year Ended 31 March 2014**

#### **1. Accounting policies**

##### **Basis of accounting**

These financial statements are prepared on the going concern basis, under the historical cost convention and in accordance with the Companies Act 2006 and applicable accounting standards in the United Kingdom. The principal accounting policies, which have been applied consistently throughout the year, are set out below.

##### **Turnover**

Turnover results from interest and other charges to members of Orbit to cover the cost of securing and managing the loan portfolio.

##### **Cost of Sales**

Costs of sales includes interest payable and similar charges on the bank and other loans on-lent to members of the Orbit Group and administrative costs including legal costs, valuation fees, treasury staff and other costs.

##### **Taxation**

Current tax, including UK Corporation Tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted by the balance sheet date.

Deferred tax is provided in full, at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, on timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date at rates expected to apply when they crystallise based on current taxes and law. Timing differences arise from inclusion of items of income and expenditure in tax computations different from those in which they are included in the financial statements.

Deferred tax assets are recognised to the extent that it is regarded as more likely than not they will be recovered. Deferred tax assets and liabilities are not discounted.

# Orbit Treasury Limited

## Notes to the Financial Statements

### For the Year Ended 31 March 2014

#### 1. Accounting policies continued

##### Derivative Financial Instruments

Orbit uses derivative financial instruments to reduce exposure to interest rate movements. Orbit does not hold or issue derivative financial instruments for speculative purposes. For an interest rate swap to be treated as a hedge the instrument must be related to actual assets or liabilities or a probable commitment and must change the nature of the interest rate by converting a fixed rate to a variable rate or vice versa. Interest differentials under these swaps are recognised by adjusting net interest payable over the periods of the contracts. If an instrument ceases to be accounted for as a hedge, for example because the underlying hedged position is eliminated, the instrument is marked to market and any resulting loss recognised at that time.

Orbit Treasury Limited accounting policy for derivatives is to recognise in the profit and loss account gains and losses on hedges of revenues or operating payments only as they crystallise. Treasury Policy states clearly that all transactions will be in Sterling or hedged to Sterling. The Mark to Market value of all stand-alone derivative financial instruments at the year end is as follows:

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Mark to Market Value	45,200	73,150
Notional Stand Alone Swap Principal	361,500	366,500

The reduction in liability results from the continuing increase in long term interest rates. In additions Stand Alone Cancellable/RPI Swap contracts totalling £45m with both Barclays and Lloyds were converted to plain vanilla swaps by at a cost of £410k (Barclays) thereby removing some of the volatility.

#### 2. Directors' and Executive Officers' Emoluments

Payments to Non Executive Directors are shown below except for those who have roles as the Chair of other Orbit companies. Their payments are disclosed in the consolidated financial statements of Orbit Group Limited. The Executive Directors are employed by the parent company, Orbit Group Limited, and their emoluments are disclosed within the consolidated financial statements. The remuneration paid by the parent in respect of the Executive Directors' services to Orbit Treasury Limited is shown below. No compensation was paid to Directors for loss of office.

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Aggregate emoluments paid to or received by Directors who are not executive staff members including salaries, honoraria and other benefits	<b>9</b>	<b>8</b>
Aggregate emoluments paid to or received by Directors who are executive staff members including salaries, honoraria and other benefits	<b>22</b>	<b>21</b>

**Orbit Treasury Limited**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2014**

**3. Operating Profit**

	2014	2013
	£000	£000
<b>Operating Profit is stated after charging</b>		
<b>Auditors' Remuneration;</b>		
In their Capacity as Auditors	8	6

**4. Tax on result on ordinary activities**

	2014	2013
	£000	£000
<b>(a) Analysis of charge in year:</b>		
<b>Current tax:</b>		
UK corporation tax on result of the year	-	-
<b>Total current tax</b>	-	-

There is no deferred tax for the year, either recognised or unrecognised (2013: £Nil).

The current tax charge for the year is lower (2013: lower) different to the standard rate of Corporation Tax in the UK of 23% (2013: 24%). The differences are explained below:

	2014	2013
	£000	£000
<b>(b) Factors affecting tax charge for current year</b>		
Tax due at 23% thereon	-	-
<b>Current tax charge for the year</b>	-	-

**5. Debtors: Amounts falling due in more than one year**

	2014	2013
	£000	£000
Amounts owed by Group Undertakings	691,461	685,222

Orbit Treasury Limited borrows monies on behalf of Orbit and on-lends to individual members of Orbit. Loans are repayable by half yearly instalments with interest rates that range from 3.4% to 11.20% for fixed and variable rate debt. In future years a single interest rate will be charged. In turn, this has increased the total value of loan to be repaid each half year. Loans are secured by fixed charges on individual properties owned by members of Orbit.

**Orbit Treasury Limited**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2014**

**6. Debtors**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Amounts owed by Group Undertakings	<b>28,690</b>	14,481
Other Debtors	-	37
	<b>28,690</b>	<b>14,518</b>

**7. Investments**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
<b>Other Investments and Cash - Short Term Deposits comprise:</b>		
- Maturing in excess of 7 days. These funds were placed into a charged account and released after additional security was allocated to the Santander loan during 2013.	-	6,000
	-	6,000

**8. Creditors: Amounts falling due within one year**

	<b>2014</b>	<b>2013</b>
	<b>£000</b>	<b>£000</b>
Bank Loans and Overdrafts	<b>9,200</b>	9,200
Amounts owed to Group Undertakings	<b>1,537</b>	2,731
Accruals and Deferred income	<b>4,608</b>	4,613
	<b>15,345</b>	<b>16,544</b>

# Orbit Treasury Limited

## Notes to the Financial Statements

### For the Year Ended 31 March 2014

#### 9. Creditors: Amounts falling due after more than one year

	2014	2013
	£000	£000
Bank Loans	714,850	699,050
Less: amortised Loan/Swap costs	(8,904)	(9,216)
	<b>705,946</b>	<b>689,834</b>

Bank loans are shown gross of loan arrangement fees of £2,477k (2013: £2,914k) and Swap buy-out cancellation fees of £6,426k (2013: £6,302k). Additional loan arrangement fees have been incurred for both new loans and Swap buy-out fees in respect of the Barclays swap conversion.

On 28 September 2007, the majority of Orbit's loans were re-routed through Orbit Treasury Limited. All members of Orbit entered into a fully cross-collateralised structure. Orbit Treasury Limited borrows money on behalf of Orbit and on-lends these to the individual operating associations as required.

Loans are secured by fixed charges on the Operating Association's housing properties and are repayable in instalments starting after the fifth anniversary of the loan completion. Following the first revaluation of secured property significant surplus security with both Lloyds and Nationwide loans was reallocated to Santander, RBS, Clydesdale and Pricoa. The Santander additional loan security allowed the repayment of £6m cash security placed with the bank pending the reallocation of the charged property.

Further details of bank loans are shown below:

	2014	2013
	£000	£000
<b>In one year or less, on demand</b>	<b>9,200</b>	9,200
<b>Repayable by instalments:</b>		
- more than one year but not more than two years	9,200	9,200
- In more than two years but not more than five years	67,995	45,805
- In more than 5 years	560,405	616,795
	<b>637,600</b>	671,800
<b>Repayable other than by instalments:</b>		
- In more than two years but not more than five years	12,250	5,950
- In more than 5 years	65,000	21,300
	<b>77,250</b>	27,250
<b>Net Debt at 31 March</b>	<b>724,050</b>	<b>708,250</b>

The bank loans are repaid in instalments at fixed and variable rates of interest. The final instalments fall to be repaid in the period 2035 to 2038. Loans repayable other than by instalment have bullet repayments between 2018 and 2034.

**Orbit Treasury Limited**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2014**

**10. Called Up Share Capital**

	No.	2014 £	No.	2013 £
<b>Authorised ordinary shares of £1 each</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>
<b>Issued and fully paid ordinary shares of £1 each</b>	<b>2</b>	<b>2</b>	<b>2</b>	<b>2</b>

**11. Reconciliation of operating profit to net cash outflow from operating activities**

	2014 £000	2013 £000
Operating Profit	1,452	2,418
Gift Aid	(1,503)	(2,455)
Change to Loan and Amortised Loan & Swap costs	694	(8,528)
Increase in Debtors	(20,448)	(33,344)
(Decrease)/Increase in Creditors	(1,199)	6,666
<b>Net cash outflow from operating activities</b>	<b>(21,004)</b>	<b>(35,243)</b>

**12. Reconciliation of net cash flow to movement in net debt**

	2014 £000	2013 £000
Cash outflow from increase in debt	(15,800)	(32,816)
Other cash changes	383	(7,950)
<b>Movement in net funds in the year</b>	<b>(15,417)</b>	<b>(40,766)</b>
Increase/(Decrease) in cash in the year	502	(477)
(Decrease)/Increase in bank deposits (with a maturity in excess of 24 hours)	(6,000)	6,000
<b>Cash movements</b>	<b>(20,915)</b>	<b>(35,243)</b>
Other movements	(695)	(671)
Net debt at 1 April 2013/2012	(692,390)	(656,476)
<b>Net debt at 31 March 2014/2013</b>	<b>(714,000)</b>	<b>(692,390)</b>

Orbit Treasury Limited increased its loan drawings by a net £15.8 million which was immediately on-lent to companies within Orbit. There was an additional payment of £0.4 million in respect of the Barclays swap conversion (Note 9 refers).

**Orbit Treasury Limited**  
**Notes to the Financial Statements**  
**For the Year Ended 31 March 2014**

**13. Analysis of changes in net debt**

	01 April 2013	Cash Flows	Transfer to I&E account	31 March 2014
	£000	£000	£000	£000
Cash at bank and in hand	644	502	-	1,146
Bank Deposits - in excess of 7 days	6,000	(6,000)	-	-
Housing loans due less than one year	(9,200)	-	-	(9,200)
Housing loans due greater than one year	(699,050)	(15,800)	-	(714,850)
Loan arrangement fees	9,216	383	(695)	8,904
	<u>(692,390)</u>	<u>(20,915)</u>	<u>(695)</u>	<u>(714,000)</u>

**14. Reconciliation of Movements in Shareholders' Funds**

	2014	2013
	£000	£000
Result for the Financial Year	-	-
Opening Shareholders' Funds	6	6
<b>Closing Shareholders' Funds</b>	<u>6</u>	<u>6</u>

**15. Ultimate Parent Company and Ultimate Controlling Party**

The immediate parent undertaking and the ultimate parent undertaking and controlling party is Orbit Group Limited, an Industrial and Provident Society registered in England and Wales.

Orbit Group Limited is the parent undertaking of the only group of undertakings to consolidate these financial statements at 31 March 2014.

A list of the members of Orbit is contained within the consolidated financial statements of Orbit Group Limited.

The consolidated financial statements of Orbit Group Limited are published on the Orbit website [www.orbit.org.uk](http://www.orbit.org.uk) and are also available from Garden Court, Harry Weston Road, Binley Business Park, Coventry, CV3 2SU.

**16. Related Party Transactions**

Orbit Treasury Limited is a wholly owned subsidiary of Orbit Group Limited. As permitted by paragraph 3(c) FRS8 (Related Party Disclosures), the company has taken advantage of the exemption for wholly owned subsidiaries not to disclose related party transactions with group entities. There were no other related party transactions disclosable under FRS8.