

**ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)**

**CONSOLIDATED
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2015

Registered in Scotland

Company Number: SC198586

Registered Social Landlord Number: 312

Scottish Registered Charity Number: SC029461

**BAKER TILLY UK AUDIT LLP
Chartered Accountants
Edinburgh**

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2015

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Registration Particulars:

Company Number	SC198586
Charity Number	SC029461
RSL Number	312

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

OFFICERS AND PROFESSIONAL ADVISERS

31 MARCH 2015

AHP Board

Michael Scott, Chair
Stuart Robertson, Vice Chair
William Chapman
Robert Hepburn
Carl Nelson
S. Bruce Mair (resigned 22.9.2014)
Hazel L. Smith
Brian A. Topping
Jonathan Young
Kate Darbyshire
Douglas Bodie
Jill Malcolmson (appointed 20.1.2015)

AHP Developments Board of Directors

William Chapman, Chair
Douglas Bodie, Vice Chair
Robert Hepburn
Glenn Adcook
Colin Hawkins
Stuart Robertson (appointed 15.1.2015)

MHP Committee of Management

Cllr Barry Jarvis (Chairperson)
Des Elliott (resigned 22.9.2014)
Nicola McCart (resigned 22.9.2014)
Sandra Dow, Vice Chair
Robert Hepburn
Hazel L. Smith
Michael Scott
Frieda Johnstone
Gary Souter
Leslie Allan (appointed 11.2.2015)
William Chapman (appointed 22.9.2014)
Brian A. Topping (appointed 22.9.2014)

Executive Officers

Colin Hawkins, Chief Executive
Glenn Adcook, Housing Services Director
Gary Walker, Chief Finance Officer

Registered Office

13 Queens Road
Aberdeen
AB15 4YL

**ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)**

OFFICERS AND PROFESSIONAL ADVISERS

31 MARCH 2015

(Continued)

Bankers

Lloyds Banking Group
PO Box 72
Bailey Drive
Gillingham Business Park
Gillingham
Kent
ME8 0LS

Bank of Scotland
90 High Street
Elgin
IV30 1BJ

Company Secretary

Pinsent Masons

Solicitors

Pinsent Masons
13 Queens Road
Aberdeen
AB15 4YL

Peterkins
60 Market Place
Inverurie
AB51 3XN

TC Young
7 West George Street
Glasgow
G2 1BA

Auditors

Baker Tilly UK Audit LLP
First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Internal Auditors

Scott Moncrieff
25 Bothwell Street
Glasgow
G2 6NL

Agents for Development Services

AHP Developments Limited
22 Abercrombie Court
Arnhall Business Park
Prospect Road
Westhill
Aberdeenshire
AB32 6FE

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

REPORT OF THE BOARD (incorporating STRATEGIC REPORT)

31 MARCH 2015

The Board present their report and audited financial statements for the year ended 31 March 2015.

Legal structure

Aberdeenshire Housing Partnership (AHP) was registered in August 1999 under the Companies Act 1999 (now Companies Act 2006) (Company No SC 198586). It is governed by its rules which are based on SFHA model rules (Scotland) 2003. Aberdeenshire Housing Partnership became a registered Scottish Charity (Charity No SC029461) from October 1999.

Aberdeenshire Housing Partnership established a wholly owned trading subsidiary on 4 March 2008, AHP Developments Limited (AHPD Ltd). The company was formed to house potentially non-charitable trading and the provision of factoring and clerk of works services to other organisations. More recently AHPD Ltd has developed its role as a result of market conditions and is engaged in the provision of full landlord services to a developer which provides affordable housing through the Scottish Government's National Housing Trust. AHPD Ltd also provides full and comprehensive services to a small, Aberdeen based, RSL. AHPD Ltd has acted as a development agent for Aberdeenshire Housing Partnership and this role is now expected to resume during 2015/16.

In January 2013, following approval by the Scottish Housing Regulator, Aberdeenshire Housing Partnership entered into a constitutional partnership with Moray Housing Partnership (MHP). The constitutional partnership is supported by contractual agreements between AHP and MHP and the rules of MHP have been amended to allow AHP to acquire a controlling share in MHP. These financial statements include the consolidated results of AHP, AHPD Ltd and MHP but exclude MHP's subsidiary MHP ES Ltd which ceased trading last year and has since been dissolved.

Principal activity

The principal activity of Aberdeenshire Housing Partnership (AHP) is providing, constructing, improving or managing, or encouraging or facilitating the provision, construction, improvement or management of affordable housing for persons in necessitous circumstances.

As at 31 March 2015, AHP owned 926 properties (939 tenancies) throughout Aberdeenshire, 196 of these were built as a consequence of the development programme approved by the Scottish Office in 1999 as a result of the New Housing Partnership award to Aberdeenshire Council and 300 were transferred by Aberdeenshire Council to AHP through trickle transfer of casual vacant houses. The remaining 430 properties were developed over more recent years. A further 8 units are owned and leased to AHP's trading subsidiary AHPD Ltd for letting as Mid-Market rental units in Aberdeen. In addition AHP factors 29 shared ownership units and 32 owner occupied units.

ABERDEENSHIRE HOUSING PARTNERSHIP
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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)
(Continued)

31 MARCH 2015

Principal activity (continued)

The partnership with MHP brings a further 488 general housing units and 20 garages into the group stock profile, giving a total for the group of 1,496.

The principal activity is supported by the current Strategic Plan which covers the period 2009-2014. A major review of the Plan is being finalised and a new Corporate Plan will be approved by the Board in 2015/16.

The Boards and Executive Officers

The Board and Executive Officers of AHP, AHP Developments Ltd and Committee of Management of Moray Housing Partnership Ltd are listed on page 3.

The Board of AHP is responsible for Group Strategy and Performance, the relationship between AHP and MHP is governed by the Intragroup Agreement.

The AHP Board in full consultation with the MHP Committee of Management has established three joint committees, with delegated authority for:

Housing - Landlord Performance, Tenant Engagement and Asset Management.
Resource & Governance – Risk Strategy, External/Internal Audit arrangements, Budget review, Financial Projections and Group Governance arrangements.
Corporate Services – Staffing & HR, ICT, Communication Strategy, etc.

Reserved Powers have been agreed to enable operational decisions to be taken which impact on only one of the Group's RSLs.

Each member of the AHP Board is a director of the RSL. Executive officers do not have the legal status of directors; they act as executives within the authority delegated by the Board.

Every member of the MHP Committee of Management is a member of the Society.

A full training and induction programme is provided to each governing body member to ensure that all members of the Board are equipped to meet their obligations in contributing to the development of future strategy and performance review of the Group.

ABERDEENSHIRE HOUSING PARTNERSHIP
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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)
(Continued)

31 MARCH 2015

Risks and uncertainties

Aberdeenshire Housing Partnership, AHP Developments Limited and Moray Housing Partnership Limited have developed organisational structures, a range of policies and procedures, and comprehensive insurances, which together make up the Risk Management Strategy.

The main risks that may prevent the AHP Group achieving its objectives are effective governance and risk management, public or private finance issues, public procurement, pension liabilities and the impact of welfare reform. To this end, the Welfare Mitigation Group continues to take a proactive role in preparing for the roll out of Universal Credit and to help tenants deal with the recent budget announcements. Pensions continue to be a major risk but have been partially mitigated by MHP moving to a defined contribution scheme from 1st May 2015. AHP's pension strategy remains under constant review, with expert advice being provided to the board.

The AHP Board reviews Strategic Risks bi-annually following initial review by the MHP Committee of Management and the joint committees.

Additionally, the Governing Bodies receive regular reports from management and from the external and internal auditors, to provide reasonable assurance that specific control procedures are in place and are being followed, whilst major risks are similarly identified and presented together with action taken or required to manage the risks and the outcome of the action.

Overview of Activities and Performance

In the past year the AHP Group has monitored its performance targets detailed in its Internal Management Plans (IMPs). In addition the Group engaged with the Moray and Aberdeenshire Housing Partnership Tenants Association (MAHPTA) and participated in the Scottish Government's Early Adopters Tenant Scrutiny initiative. This creates a solid framework for the Group to build on to achieve its Strategic Objectives which in themselves supports the Group's Vision:

To provide excellent services that meet our tenants' expectations and those of other stakeholders. We aim to become a provider of choice in the services we deliver and develop these through engagement.

and

Core Values:

AMBITION – empowering through innovation and challenge.

(E) QUALITY – doing the best for individuals and communities in a fair and equal way.

ABERDEENSHIRE HOUSING PARTNERSHIP
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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)
(Continued)

31 MARCH 2015

Overview of Activities and Performance (continued)

Core Values (continued)

RESPECT & PROFESSIONALISM – towards each other, the people we work with, the people we serve and our environment.

ACHIEVEMENT – delivering outcomes that matter and make a real difference – now and in the future.

The Partnerships have the following six Strategic Objectives:

- ❖ **TENANT SERVICES** - To become one of the best social landlords in our area.
- ❖ **PROPERTY MANAGEMENT SERVICES** - To maintain and improve our houses to ensure they remain high quality and desirable homes of choice for our tenants.
- ❖ **BUILDING IN THE COMMUNITY** - We will target our investment in partnership with local and national organisations to achieve the common aims of providing high quality homes in well-designed schemes that meet the needs of communities now and in the future.
- ❖ **SUSTAINING COMMUNITIES** - We will contribute to the wellbeing of individuals and communities in those areas of our operation through both our core services and through our involvement in Wider Action.
- ❖ **INVESTING IN OUR PEOPLE AND SERVICES** - We will attract, recruit and retain high quality Board and staff members and ensure that they are resourced to achieve the Strategic Plan for the benefit of customers now and in the future.
- ❖ **EMBRACING GROWTH** - We will take a rigorous and robust approach to new business opportunities and, at all times, ensure that these will have a positive impact on the communities we serve and the organisation as a whole.

The AHP Board was generally pleased with the progress made during the year. Good performance in respect of many of the Group's KPIs was achieved and this was particularly satisfying as the benefits to tenants of the constitutional partnership become more embedded. Overall financial targets were exceeded and the Group returned a healthy surplus. Following a detailed review, budgets have been adjusted for future years and 30 year projections for the Group are being finalised for final consideration by the AHP Board in Quarter 2 of 2015/16.

ABERDEENSHIRE HOUSING PARTNERSHIP
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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)
(Continued)

31 MARCH 2015

Overview of Activities and Performance (continued)

Sufficient funds were set aside to deliver the Scottish Housing Quality Standards Delivery Plan and significant progress was made up to March 2015, the deadline for completion set by the Scottish Government. Unfortunately, the entering into administration of one contractor has led to a delay in the completion of the final improvement contract (installation of replacement kitchens and bathrooms). Subsequently a new contract has been let and will be completed during 2015.

The Scottish Housing Charter incorporates 16 Outcomes & Standards and many of these directly relate to the tenant experience. The Governing Bodies are pleased with the progress that has been made in delivering against the Charter requirements and will continue to work with MAHPTA and the recently established Tenants' Scrutiny Panel to ensure further improvements are made in accordance with tenant and stakeholder expectations.

KPI AHP	Target 2014/2015	Actual 2014/2015	Target 2015/2016
Current rent arrears	4.5%	3.1%	2.8%
Former rent arrears	1.0%	1.2%	1.2%
Void loss	0.8%	0.5%	0.6%
Void performance	15 working days	22 working days	10 working days
Board & Committee attendance	80%	76%	80%
Staff attendance	98%	97%	98%

KPI MHP	Target 2014/2015	Actual 2014/2015	Target 2015/2016
Current rent arrears	3.6%	1.9%	1.7%
Former rent arrears	1.5%	1.6%	1.2%
Void loss	0.5%	0.5%	0.4%
Void performance	15 working days	20 working days	10 working days
Board & Committee attendance	80%	70%	80%
Staff attendance	98%	95%	98%

ABERDEENSHIRE HOUSING PARTNERSHIP
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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)
(Continued)

31 MARCH 2015

Review of Operations

The Group continued to implement the Constitutional Partnership Implementation Plan and MHP Governance Plan as agreed with the Scottish Housing Regulator (SHR) and good progress has been made in this respect.

The Housing Management team's focus on the management of rent arrears and on mitigating the impact of Welfare Reform has been very successful to date. Although void performance targets have not been met in the year this is an area that has been targeted for improvement. There continue to be challenges in the management of anti-social behaviour. Aberdeenshire Housing Partnership continues to adopt a partnership approach in working with other stakeholders to ensure the effective management of this particular issue.

The Partnership has continued to significantly improve its financial performance during the past year. Reserve creation was again the most significant priority in the year and the Internal Management Plan targets the achievement of certain reserve levels in relation to operating expenses. The targets set have been achieved.

Group turnover for the year increased to £7.0m (2014: £6.7m), whilst operating costs for the year decreased to £4.1m (2014: £4.4m), resulting in an AHP Group operating surplus of £3.0m (2014: £2.3m).

Future Developments

The AHP Group has ambitions to expand its role in the provision of social and affordable housing and is committed to working in partnership with other parties in achieving its development goals. The Group continues to work with local authorities, developers and other stakeholders at both strategic and operational levels to achieve greater efficiency in operations and to provide the scope to expand the range of services to be provided to tenants.

Currently the Group's involvement in the provision of new affordable housing is through the National Housing Trust route reported earlier. A major review of the Group's potential to re-engage in new development is underway and will be reported during 2015/16. In addition both AHP and MHP have become members of HARIS, a Scotland wide initiative being developed by the SFHA in partnership with the Scottish Government and the Scottish Futures Trust. This new potential delivery model envisages the provision of new social rented housing supported by favourable borrowing rates, owned by HARIS but managed by local RSLs.

ABERDEENSHIRE HOUSING PARTNERSHIP
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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)
(Continued)

31 MARCH 2015

Charitable Status

Aberdeenshire Housing Partnership is a registered social landlord and was granted charitable status with effect from 18th October 1999. AHP Developments Limited is a trading subsidiary limited by shares and considers, with its parent, the treatment of operating surpluses to best affect the Group's Vision & Strategic Objectives. Moray Housing Partnership is a Co-operative and Community Benefits Society, regulated by the FCA, has been a registered social landlord since 2002 and has charitable status.

Treasury Management

The AHP Board considers that the Group, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2015, the partnership had an appropriate mix of fixed and variable rate finance. The banking facility provided by Lloyds was revised with effect from 1st April 2010 securing a facility of £24.6m. £22m has a fixed interest rate for the duration of the loan, £1.7m has a variable interest rate linked to 3 month LIBOR plus agreed margin and £0.9m was not taken up. The Moray Housing Partnership has a facility of £10.4m with the Nationwide Building Society which was confirmed and reapproved as part of the constitutional partnership with AHP.

Going Concern

After reviewing detailed cash flow and business plan projections, taking account of bank facilities, and making such enquiries as they consider appropriate, the AHP Board is satisfied the Group has adequate resources to continue to operate for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Maintenance Policies

The AHP Group seeks to maintain its properties to the highest standard. To this end, short and medium term programmes of cyclical and planned revenue repairs are being implemented to deal with the gradual and predictable deterioration of building components. It is expected that the cost of these repairs will be charged to the Income and Expenditure Account. In addition the Group is currently developing a long term programme of major repairs to cover works which have become necessary since the original development was completed, including works required by subsequent legislative changes. This includes replacement or repairs to components of the properties which have come to the end of their economic lives. In line with SORP 2010, replacements of components are capitalised as they occur. Improvements will also be capitalised if they result in an enhancement of economic benefits to the property. Any other expenditure will be charged to the Income and Expenditure Account. The Group will set a new Asset Management Strategy in 2015 which will set out its plans in relation to the Energy Efficiency Standard for Social Housing (EESH) as well as its long term vision in respect of its trickle transfer properties.

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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)
(Continued)

31 MARCH 2015

Employee Involvement and Health and Safety

The Group encourages employee involvement in all major initiatives and in addition holds Strategy Events with external facilitators where staff have the opportunity to review performance with governing body members and tenants and to discuss and agree strategic objectives. The Group holds regular staff meetings to monitor performance against these agreed objectives and following review of its performance in relation to staff engagement its accreditation with Investors in People was upgraded to Silver.

There is a staff Health and Safety group which meets bi-monthly. Health and Safety is also a standing item on Governing Body, internal management and staff meetings and our Health and Safety systems are subject to internal audit.

Reserves

Revenue Reserve

After reviewing the partnership's day to day working capital requirements, the Board set the Group a target to ensure that it maintains free reserves of at least an amount which would allow the Partnership to meet its operating costs for approximately six months. At 31 March 2015, six months operating costs equate to approximately £2.0m including all repairs. This target has been met in the current financial year. Undesignated revenue reserves at 31 March 2015 are £4.4m (2014: £3.6m).

Designated Reserve

In the Group all reserves relating to Moray Housing Partnership have been designated for their future use. Included in this is an amount of £96k representing the net present value of past service deficit pension payments due by Moray Housing Partnership in relation to the SHAPS scheme of which they are a member.

Changes in Fixed Assets

Changes in fixed assets are set out in note 9.

Rent Policy

Rents for new developments are set by the HAG application as agreed by the Scottish Government. Rents for existing properties are set by annual review, sanctioned by Board approval. Service charges are also reviewed in the same way and are set on the basis of the service being provided.

ABERDEENSHIRE HOUSING PARTNERSHIP
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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)
(Continued)

31 MARCH 2015

Credit Payment Policy

The payment policy which the Group operates and achieves is to pay all purchases within 28 days in accordance with creditor payment terms.

Statement as to Disclosure of Information to Auditors

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Appointment of auditors

Baker Tilly UK Audit LLP has indicated its willingness to continue in office. A resolution proposing their re-appointment will be submitted at the Annual General Meeting.

By order of the Board



Date: 26 AUGUST 2015

**ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)**

STATEMENT OF BOARD RESPONSIBILITIES

31 MARCH 2015

The directors are responsible for preparing the Directors Report (incorporating the Strategic Report) and financial statements in accordance with applicable law and regulations.

Company law and registered social housing legislation requires the directors to prepare group and company 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 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 group and the company and of the profit or loss of the group and the company for that period. The directors must also satisfy themselves that the financial statements comply with The Statement of Recommended Practice Accounting by Registered Social Landlords 2010.

In preparing the company financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d. 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, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – April 2012. 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.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

BOARD'S STATEMENT ON INTERNAL FINANCIAL CONTROL

31 MARCH 2015

The Board acknowledge their ultimate responsibility for ensuring that the Group has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:-

- The reliability of financial information used within the Group or for publication;
- The maintenance of proper accounting records; and
- The safeguarding of assets (against unauthorised use or disposition).

It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material misstatement or loss. Key elements include ensuring that:

- Policies and procedures are in place, all key systems have either been documented or are in the process of being documented, including the rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Group's assets.
- Experienced and suitably qualified staff takes responsibility for important business functions.
- Forecasts and budgets are prepared regularly which allow the Board and staff to monitor the key business risks and financial objectives and progress towards the financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and any significant variance from budgets are investigated as appropriate.
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures.
- The Board review reports from management and from internal and external auditors to provide reasonable assurance that control procedures are in place and are being followed.
- Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports.
- The Board have implemented an outsourced internal audit function which reports to the Joint Resource & Governance Committee, in the first instance.
- The Board have completed a Strategic Risk Map and identified the controls necessary to manage and mitigate the risks identified.

ABERDEENSHIRE HOUSING PARTNERSHIP
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BOARD'S STATEMENT ON INTERNAL FINANCIAL CONTROL
(Continued)

31 MARCH 2015

The Management Team has reviewed the system of internal financial control in the Group during the year ended 31 March 2015. No weaknesses were found in internal financial controls which could result in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements. These arrangements are considered appropriate to the scale and range of the Group's activities and comply with the requirements contained in the Scottish Housing Regulator's Guidance.

By order of the Board

A handwritten signature in dark ink, appearing to be 'M. Zait' or similar, written in a cursive style.

Date: 26 AUGUST 2015

**ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)**

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE
ABERDEENSHIRE HOUSING PARTNERSHIP ON INTERNAL FINANCIAL
CONTROLS**

In addition to our audit of the Financial Statements, we have reviewed your statement on Pages 15 to 16 concerning the Partnership's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council through enquiry of certain members of the Management Committee and Officers of the Partnership and examination of relevant documents. The Bulletin does not require us to review the effectiveness of the Partnership's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement on Internal Financial Control on pages 15 to 16 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

Baker Tilly UK Audit LLP

BAKER TILLY UK AUDIT LLP
Statutory Auditor
Chartered Accountants
First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Date: *28 August 2015*

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ABERDEENSHIRE
HOUSING PARTNERSHIP**

We have audited the group and parent financial statements of Aberdeenshire Housing Partnership (the "financial statements") on pages 20 to 65. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Association'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 Association's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report and for the opinion we have formed.

Respective responsibilities of the Board and auditor

As explained more fully in the Board's Responsibilities Statement set out on page 14, the Board 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 International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope 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 <http://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 group's and the association's affairs as at 31 March 2015 and of the group's income and expenditure 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, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – April 2012.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Director's Report (incorporating the Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements.

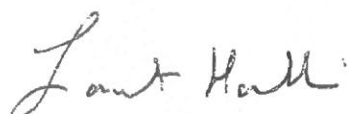
ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ABERDEENSHIRE
HOUSING PARTNERSHIP**

Matters on which we are required to report by exception

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

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



JANET HAMBLIN (Senior Statutory Auditor)

For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor

Chartered Accountants

First Floor, Quay 2

139 Fountainbridge

Edinburgh EH3 9QG

Date: 28 August 2015

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

INCOME & EXPENDITURE ACCOUNT – GROUP

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	Year ended 31 March 2015	Year ended 31 March 2014
		£	£
Turnover	2a	7,038,995	6,706,126
Less: Operating Costs	2a	(4,061,587)	(4,427,295)
Operating Surplus	2a	2,977,408	2,278,831
Interest receivable and other income		10	-
Interest payable and similar charges	4	(1,693,322)	(1,720,152)
Surplus before taxation		1,284,096	558,679
Taxation charge	6	-	(8,807)
Surplus for the year	7	1,284,096	549,872

Statement of Total Recognised Surpluses and Deficits

		Year ended 31 March 2015	Year ended 31 March 2014
		£	£
Surplus for the year		1,284,096	549,872
Actuarial gain/(loss) on pension scheme	15	(828,000)	536,000
Total recognised gains relating to the year		456,096	1,085,872
Prior period adjustment	25	-	(1,051,000)
Total recognised gains since last annual report		456,096	34,872

All activities relate to continuing activities.

ABERDEENSHIRE HOUSING PARTNERSHIP
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INCOME & EXPENDITURE ACCOUNT – ASSOCIATION

FOR THE YEAR ENDED 31 MARCH 2015

	Notes	Year ended 31 March 2015	Year ended 31 March 2014
		£	£
Turnover	2b	4,864,410	4,631,995
Less: Operating Costs	2b	(2,769,727)	(3,077,666)
Operating Surplus	2b	2,094,683	1,554,329
Interest receivable and other income		7,500	10,000
Interest payable and similar charges	4	(1,348,738)	(1,365,824)
Surplus for the year	7	753,445	198,505

Statement of Total Recognised Surpluses and Deficits

		Year ended 31 March 2015	Year ended 31 March 2014
		£	£
Surplus for the year		753,445	198,505
Actuarial gain/(loss) on pension scheme	15	(828,000)	536,000
Total recognised (losses)/gains relating to the year		(74,555)	734,505
Prior period adjustment	24	(20,672)	(1,051,000)
Total recognised losses since last annual report		(95,227)	(316,495)

All activities relate to continuing activities.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)
BALANCE SHEET – GROUP AS AT 31 MARCH 2015
Company Number: SC 198586


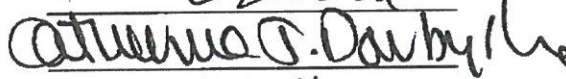
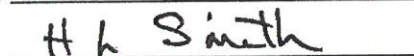
	Notes	31 March 2015 £	31 March 2014 £
Tangible Fixed Assets			
Housing Properties – depreciated cost	9a	105,561,965	105,202,538
Less: HAG	9a	(59,232,631)	(59,255,529)
Less: other capital grants	9a	(6,484,547)	(6,447,047)
		<u>39,844,787</u>	<u>39,499,962</u>
Other Fixed Assets	9d	1,967,777	2,055,130
		<u>41,812,564</u>	<u>41,555,092</u>
Fixed Asset Investments			
LIFT Loans		1,374,004	1,374,004
LIFT Grants		(1,374,004)	(1,374,004)
		<u>-</u>	<u>-</u>
Current Assets			
Debtors	11	309,493	407,488
Cash at bank and in hand		3,349,411	2,283,856
		<u>3,658,904</u>	<u>2,691,344</u>
Creditors: amounts falling due within one year	12	(2,004,799)	(1,553,756)
Net current assets		<u>1,654,105</u>	<u>1,137,588</u>
Total assets less current liabilities		<u>43,466,669</u>	<u>42,692,680</u>
Pension Liability	15	(1,315,000)	(531,000)
Creditors: amounts falling due after more than one year	13	(36,004,395)	(36,470,488)
Net Assets		<u>6,147,274</u>	<u>5,691,192</u>
Capital and Reserves			
General Reserves	7	4,388,634	3,627,703
Pension Reserve	7a	(1,315,000)	(531,000)
Designated Reserves	8	3,073,640	2,594,489
		<u>6,147,274</u>	<u>5,691,192</u>

These financial statements were approved by the Board and authorised for issue on 26 AUGUST
2015 and signed on their behalf by:

Board Member

Board Member

Board Member

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)
BALANCE SHEET – ASSOCIATION AS AT 31 MARCH 2015
Company Number: SC 198586

	Notes	31 March 2015 £	Restated 31 March 2014 £
Tangible Fixed Assets			
Housing Properties – depreciated cost	9b	69,883,791	69,430,104
Less: HAG	9b	(40,383,092)	(40,392,477)
Less: other capital grants	9b	(441,423)	(403,923)
		<u>29,059,276</u>	<u>28,633,704</u>
Other Fixed Assets	9e	1,439,644	1,497,249
		<u>30,498,920</u>	<u>30,130,953</u>
Fixed Asset Investments			
LIFT Loans		1,374,004	1,374,004
LIFT Grants		(1,374,004)	(1,374,004)
		<u>-</u>	<u>-</u>
Investments	10	101	101
Current Assets			
Debtors	11	510,024	712,824
Cash at bank and in hand		<u>2,224,791</u>	<u>1,529,835</u>
		2,734,815	2,263,331
Creditors: amounts falling due within one year	12	<u>(1,355,142)</u>	<u>(1,008,525)</u>
Net current assets		<u>1,379,673</u>	<u>1,254,806</u>
Total assets less current liabilities		31,878,694	31,385,860
Pension Liability	15	(1,315,000)	(531,000)
Creditors: amounts falling due after more than one year	13	(27,443,455)	(27,639,394)
Net Assets		<u>3,120,239</u>	<u>3,194,794</u>
Capital and Reserves			
General Reserves	7	4,435,239	3,725,794
Pension Reserve	7a	(1,315,000)	(531,000)
Designated Reserves	8	-	-
		<u>3,120,239</u>	<u>3,194,794</u>

These financial statements were approved by the Board and authorised for issue on 26 AUGUST.....
2015 and signed on their behalf by:

Board Member

M. Smith

Board Member

Christopher J. Darbyshire

Board Member

A. Smith

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

CASH FLOW STATEMENT – GROUP

YEAR TO 31 MARCH 2015

	Notes	Year ended 31 March 2015 £	Year ended 31 March 2014 £
Net cash inflow from operating activities	16a	3,962,615	3,217,793
Returns on investment and servicing of finance			
Interest received		10	-
Interest paid		(1,731,322)	(1,739,152)
Net cash outflow from returns on investments and servicing of finance		(1,731,312)	(1,739,152)
Capital Expenditure and Financial Investment			
Purchase and development of housing properties		(948,372)	(492,182)
Payments to acquire other tangible fixed assets		(13,938)	(70,650)
Capital grants received		37,500	368,651
Capital grants repaid		(23,153)	-
Capitalised interest		-	(5,804)
Sales proceeds from fixed assets		27,718	31,313
Net cash outflow from capital expenditure and financial investment		(920,245)	(168,672)
Net cash inflow before financing		1,311,058	1,309,969
Financing			
Loans repaid		(245,503)	(250,746)
Net cash outflow from financing	16a	(245,503)	(250,746)
Increase in cash and cash equivalents	16a	1,065,555	1,059,223

Further information is given in note 16a.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

CASH FLOW STATEMENT – ASSOCIATION

YEAR TO 31 MARCH 2015

	Notes	Year ended 31 March 2015 £	Year ended 31 March 2014 £
Net cash inflow from operating activities	16b	2,965,945	2,243,928
Returns on investment and servicing of finance			
Interest received		7,500	10,000
Interest paid		(1,386,738)	(1,384,824)
Net cash outflow from returns on investments and servicing of finance		(1,379,238)	(1,374,824)
Capital Expenditure and Financial Investment			
Purchase and development of housing properties		(920,039)	(426,309)
Payments to acquire other tangible fixed assets		(9,599)	(23,915)
Capital grants received		37,500	368,651
Capital grants repaid		(9,385)	-
Capitalised interest and development allowances		-	-
Sales proceeds from fixed assets		9,772	30,646
Net cash outflow from capital expenditure and financial investment		(891,751)	(50,927)
Net cash inflow before financing		694,956	818,177
Financing			
Loan received		-	-
Net cash inflow/(outflow) from financing	16b	-	-
Increase in cash and cash equivalents	16b	694,956	818,177

Further information is given in note 16b.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

1. Accounting Policies

(a) Introduction and accounting basis

The principal accounting policies of the Group are set out in the paragraphs (b) to (u) below. The financial statements have been prepared under the historical cost convention, and in compliance with the Determination of Accounting Standards – April 2012 and The Statement of Recommended Practice (SORP), “Accounting by Registered Social Landlords” 2010.

(b) Going Concern

After reviewing detailed cash flow and Business Plan projections, taking account of bank facilities, and making such enquiries as they consider appropriate, the Board are satisfied the Group has adequate resources to continue to operate for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements. The Association has confirmed it will continue to support its subsidiary, AHPD’s, working capital requirements for at least the next 12 months.

(c) Consolidation

The accounts consolidate the results and net assets of the Partnership’s wholly owned subsidiary companies, AHP Developments Limited and Moray Housing Partnership Limited, using acquisition accounting.

(d) Turnover

Turnover represents rental income receivable, revenue based grants receivable from local authorities and the Scottish Government and income from management contracts with other bodies.

(e) Service Charges

Surpluses and deficits arising on the provision of services to the Partnership’s tenants are carried forward and adjusted in the charges levied in future years.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

1. Accounting Policies (continued)

(f) Tangible fixed assets – Housing Properties (note 9)

Housing properties, all of which are heritable properties, are stated at cost less social housing and other public grants payable less accumulated depreciation. The development costs of housing properties include the following:

- Cost of acquiring land and buildings
- Development expenditure
- Interest charged on the mortgage loans raised to finance the scheme

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

Works to existing properties will generally be capitalised under the following circumstances:

- (i) Where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored; or
- (ii) Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed assets in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property.

Works to existing properties which fail to meet the above criteria are charged to the Income and Expenditure account.

The major components of the group are Land, Structure, Kitchen, Bathroom, Doors, Windows, Heating System, Boiler and Insulation. Each component has a substantially different economic life and is depreciated over this individual life. This is compliant with the SORP 2010.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

1. Accounting Policies (continued)

(g) Depreciation – Housing Properties

Depreciation is charged on a straight line basis over the expected economic useful lives of each major component that makes up the housing property as follows:

Land	Not Depreciated
Structure	90 – 100 years
Kitchen	20 years
Bathroom	20 years
Doors	25 years
Windows	25 years
Heating System	25 years
Boiler	15 – 25 years
Insulation	20 years

(h) Depreciation – Other Fixed Assets

Depreciation is provided at the following rates, no depreciation is charged in the year of acquisition.

Fixtures, fittings and equipment	25% per annum straight line
Computer equipment	25% per annum straight line
Motor Vehicles	25% per annum straight line
Office Property	2% per annum straight line
IT Software	10% per annum straight line

(i) Development Administration Costs

Development administration costs relating to development activities are capitalised based on an apportionment of the staff time spent on this activity.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

1. Accounting Policies (continued)

(j) Grants

Capital and revenue grants are received from local authorities, Scottish Ministers and other initiatives. Revenue grants are credited to income in the period to which they relate. Capital grants relating to property development costs are deducted from the costs of acquisition of these assets.

Housing Association Grant (HAG) and other grants are repayable under certain circumstances, primarily following sale of property, but will normally be restricted to net proceeds of sale.

(k) Impairment of Fixed Assets

Impairment is calculated as the difference between the carrying value of income generating units and the estimated value in use at the date an impairment loss is recognised. Value in use represents the net present value of expected future cash flows from these units. The length of the forecast is 50 years.

Impairment of assets would be recognised in the Income and Expenditure account.

(l) Development Costs and Allowances

Development allowances are intended to finance certain internal administrative costs relating to the acquisition and development of housing land and buildings for approved schemes. Notional development allowances become available in instalments according to the progress of work on the scheme and are included in turnover. Related development costs are included under operating costs.

(m) Sale of Housing Properties

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

1. Accounting Policies (continued)

(n) Pensions

The Group participates in a defined benefit schemes operated by the North East Scotland Pension Fund (AHP) and the Scottish Housing Associations Pension Scheme (SHAPS) (MHP).

AHP – North East Scotland Pension Fund

The expected cost of providing staff pensions is recognised in the income and Expenditure account, on a systematic basis over the expected average lives of the members of the pension fund, in accordance with the Financial Reporting Standard (FRS) 17: Retirement Benefits recognises the retirement benefits as the benefits are earned and not when they are due to be paid. The contributions are determined by qualified actuaries, on the basis of triennial valuations, using the projected unit credit actuarial cost method. The contributions charged are recognised in the periods in which they arise.

MHP – SHAPS

The SHAPS scheme is a multi-employer scheme with a group contribution rate, as such the share of assets cannot be specifically allocated and thus the Group has accounted for its contributions to the scheme as if it were a defined contribution scheme. As a result no disclosure has been made on the face of the accounts in relation to the SHAPS scheme. This will be the policy of the Group unless it is required to make a disclosure as a result of legislative changes or the Partnership's share of assets can be specifically identified.

(o) Operating Leases

Rentals paid in respect of operating leases are charged to the Income and Expenditure account as incurred.

(p) Value Added Tax

A Group VAT registration was granted, effective from 1st May 2013. The AHP Group is partially exempt and irrecoverable VAT is calculated throughout the year.

(q) Cash and Cash Equivalents

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2015

1. Accounting Policies (continued)

(r) Investments

Investments are stated at cost.

(s) Taxation

The Group pays corporation tax on its non-charitable activities. As a Registered Social Landlord, the Association is exempt from payment of corporation tax on its social letting activities.

(t) Designated Reserves

Designated reserves represent funds set aside by the Association for a particular purpose.

(u) Acquisition of Subsidiary

Negative goodwill arose on the acquisition of Moray Housing Partnership by Aberdeenshire Housing Partnership due to the fair value of the subsidiary's assets exceeding the value of consideration paid by the Association. Goodwill is measured at the fair value of net assets on acquisition.

The acquisition is treated as a non-exchange transaction and therefore the value of negative goodwill was recognised as a gain in the income and expenditure accounts in the year of acquisition.

(v) Gift Aid

AHP Developments Limited has a policy of paying gift aid of an amount up to the taxable profits each year to Aberdeenshire Housing Partnership its ultimate parent undertaking. This has only happened in 2013 as the company wishes to build up reserves now that it is profit making.

In line with ICAEW Technical Release 'Tech16/14BL', the Company treats this donation as a distribution of reserves and it is paid either pre year end or within 9 months of the year end. Any donation made in this manner is capped to the level of distributable reserves available. The Board are responsible for formally agreeing the amount to be distributed each year.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2015

2a.) GROUP – Particulars of turnover, operating costs, operating surplus

	Note	Turnover	Operating Costs	Operating Surplus	Operating Surplus for Previous period of account
		£	£	£	£
Social Lettings	3a	6,752,677	(3,931,626)	2,821,051	2,116,275
Other activities	3c	286,318	(129,961)	156,357	162,556
Total		7,038,995	(4,061,587)	2,977,408	2,278,831
Total for previous period of account		6,706,126	(4,427,295)	2,278,831	

2b.) ASSOCIATION – Particulars of turnover, operating costs, operating surplus

	Note	Turnover	Operating Costs	Operating Surplus	Operating Surplus for Previous period of account
		£	£	£	£
Social Lettings	3b	4,653,160	(2,672,333)	1,980,827	1,356,008
Other activities	3d	211,250	(97,394)	113,856	198,321
Total		4,864,410	(2,769,727)	2,094,683	1,554,329
Total for previous period of account		4,631,995	(3,077,666)	1,554,329	

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2015

**3a.) Particulars of turnover, operating costs and operating surplus from social letting activities
(note all from General Needs Housing)**

	2015	2014
Group		
	£	£
Rents receivable net of identifiable service charges	6,557,366	6,240,919
Service charges	229,041	231,810
Gross income from rents and service charges	6,786,407	6,472,729
Less: voids	(33,730)	(10,823)
Net income from rents and service charges	6,752,677	6,461,906
Other Revenue grants	-	-
Total turnover from social letting activities	6,752,677	6,461,906
Management and maintenance administration costs	2,128,043	2,524,855
Service costs	179,754	198,644
Planned and cyclical maintenance including major repairs costs	361,575	204,320
Reactive maintenance costs	620,849	739,001
Bad debts – rent and service charges	75,355	142,268
Depreciation of social housing	566,050	536,543
Operating costs for social letting activities	3,931,626	4,345,631
Operating Surplus for social lettings	2,821,051	2,116,275
Operating Surplus for social lettings for previous period of account	2,116,275	

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2015

3b.) Particulars of turnover, operating costs and operating surplus from social letting activities
(note all from General Needs Housing)

	2015	2014
Association		
	£	£
Rents receivable net of identifiable service charges	4,531,848	4,305,880
Service charges	144,740	152,982
Gross income from rents and service charges	4,676,588	4,458,862
Less: voids	(23,428)	(6,247)
Net income from rents and service charges	4,653,160	4,452,615
Other Revenue grants	-	-
Total turnover from social letting activities	4,653,160	4,452,615
Management and maintenance administration costs	1,449,631	1,756,883
Service costs	126,963	125,018
Planned and cyclical maintenance including major repairs costs	185,359	113,185
Reactive maintenance costs	392,994	558,200
Bad debts – rent and service charges	60,418	114,581
Depreciation of social housing	456,968	428,740
Operating costs for social letting activities	2,672,333	3,096,607
Operating Surplus for social lettings	1,980,827	1,356,008
Operating Surplus for social lettings for previous period of account	1,356,008	

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2015

3c.) Particulars of turnover, operating costs and operating surplus or deficit from other activities (Group)

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total turnover	Operating costs – bad debts	Other operating costs	Operating surplus	Operating surplus for previous period of account
	£	£	£	£	£	£	£	£	£
Wider action/Wider role	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	8,121	8,121	-	-	8,121	9,172
Development and construction of property	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	13,542	13,542	-	-	13,542	13,000
Other agency/management services	-	-	-	74,336	74,336	-	-	74,336	84,097
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non-registered social landlords	-	-	-	-	-	-	-	-	-
Other activities	47,292	-	-	143,027	190,319	-	129,961	60,358	56,287
Total from other activities	47,292	-	-	239,026	286,318	-	129,961	156,357	162,556
Total from other activities for the previous period of account	64,449	-	-	179,721	244,220	-	81,664	162,556	

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2015

3d.) Particulars of turnover, operating costs and operating surplus/(deficit) from other activities (Association)

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total turnover	Operating costs – had debts	Other operating costs	Operating surplus	Operating surplus for previous period of account
	£	£	£	£	£	£	£	£	£
Wider action/Wider role	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	8,121	8,121	-	-	8,121	9,172
Development and construction of property	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	48,020	48,020	-	-	48,020	22,590
Developments for sale to RSLs	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non-RSLs	-	-	-	-	-	-	-	-	-
Other activities	30,024	-	-	125,085	155,109	-	97,394	57,715	166,559
Total from other activities	30,024	-	-	181,226	211,250	-	97,394	113,856	198,321
Total from other activities for the previous period of account	46,387	-	-	132,993	179,380	-	(18,941)	198,321	

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2015

4. Interest payable	2015	2014
	£	£
Group		
Loan Interest	1,731,322	1,739,152
Net finance gain on pension liability (note 15)	(38,000)	(19,000)
	<u>1,693,332</u>	<u>1,720,152</u>
Association		
Loan Interest	1,386,738	1,384,824
Net finance gain on pension liability (note 15)	(38,000)	(19,000)
	<u>1,348,738</u>	<u>1,365,824</u>

5. Operating Surplus is stated after charging

	2015	2014
	£	£
Group		
Directors' Remuneration	232,755	264,275
Auditors remuneration – audit services	27,544	24,983
Internal Audit	6,759	5,321
Other bodies relating to Baker Tilly UK Audit LLP	4,975	11,235
Operating leases	10,650	10,650
Depreciation	<u>662,519</u>	<u>623,536</u>
Association		
Directors' Remuneration	232,755	264,275
Auditors remuneration – audit services	14,060	13,728
Internal Audit	4,655	5,321
Other bodies relating to Baker Tilly UK Audit LLP	1,622	9,972
Operating leases	9,082	9,082
Depreciation	<u>523,785</u>	<u>486,196</u>

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2015

6. Taxation (Group)	2015	2014
	£	£
UK Corporation Tax on profits for the year	-	8,807
Total Current Tax	-	8,807
Factors affecting the tax charge for the year:		
Surplus on ordinary activities of AHPD multiplied by the standard rate of corporation tax (20%)	-	8,807
Expenses not deductible for tax purposes	-	-
Surplus from charitable activities exempt from tax	-	-
Unrelieved tax losses and other deductions	-	-
Other timing differences	-	-
Capital allowances in excess of depreciation	-	-
Current tax charge for the period	-	8,807

Corporation tax of £4,432 is due. However, the tax due in 2014 was over accrued by £5,089 therefore nil has been recorded in the Income and Expenditure Account.

7. Revenue Reserve

	2015	2014
Group	£	£
At 1 April	3,627,703	3,449,685
Surplus for the year	1,284,096	549,872
Actuarial gain/(loss) on pension scheme	(828,000)	536,000
Transfer (to)/from Pension Reserve (note 7a)	784,000	(520,000)
Transfer to designated reserves (note 8)	(479,165)	(387,854)
At 31 March	4,388,634	3,627,703

	2015	Restated 2014
Association	£	£
At 1 April as originally reported	3,725,794	3,531,961
Prior Period Adjustment (Gift Aid – note 24)	-	(20,672)
At 1 April restated	3,725,794	3,511,289
Surplus for the year	753,445	198,505
Actuarial gain/(loss) on pension scheme (note 16)	(828,000)	536,000
Transfer (to)/from Pension Reserve (note 7a)	784,000	(520,000)
Transfer to designated reserves (note 8)	-	-
At 31 March	4,435,239	3,725,794

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2015

7a. Defined Benefit Pension Scheme Reserve	2015	2014
Group and Association	£	£
At 1 April	(531,000)	(1,051,000)
Transfer (to)/from Revenue Reserve (note 7)	(784,000)	520,000
At 31 March	<u>(1,315,000)</u>	<u>(531,000)</u>

8. Designated Reserve	Moray Housing Partnership	Total
Group	£	£
At 1 April 2014	2,594,489	2,594,489
Transfer from revenue reserves	479,165	479,165
Release of share capital	(14)	(14)
At 31 March 2015	<u>3,073,640</u>	<u>3,073,640</u>

The revenue reserves and any profits made for the period relating to Moray Housing Partnership have been classed as designated in the group financial statements to show that these are set aside for the use of Moray Housing Partnership. In the individual financial statements of Moray Housing Partnership, £96,477 has been individually designated as a pension reserve.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2015

9a.) Tangible Fixed Assets – Housing Properties – Group

	Housing Properties under construction	Housing Properties held for letting	Total
	£	£	£
Cost			
At 1 April 2014	288,003	108,524,119	108,812,122
Additions during year	-	948,372	948,372
Disposals during year	-	(43,390)	(43,390)
At 31 March 2015	288,003	109,429,101	109,717,104
HAG Grants received			
At 1 April 2014	-	(59,255,527)	(59,255,527)
Received during year	-	-	-
Disposals during year	-	22,896	22,896
At 31 March 2015		(59,232,631)	(59,232,631)
Other Grants received			
At 1 April 2014	-	(6,447,047)	(6,447,047)
Received during year	-	(37,500)	(37,500)
Disposals during year	-	-	-
At 31 March 2015	-	(6,484,547)	(6,484,547)
Depreciation			
At 1 April 2014	-	(3,609,584)	(3,609,584)
Charge for year	-	(566,050)	(566,050)
Disposals for year	-	20,495	20,495
At 31 March 2015	-	(4,155,139)	(4,155,139)
Net Book Value			
At 31 March 2015	288,003	39,556,784	39,844,787
At 31 March 2014	288,003	39,211,959	39,499,962

Interest of £nil (2014: £nil) has been included in cost of housing properties. All land and property is owned by the Group. None of the properties are held under lease.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2015

9b.) Tangible Fixed Assets – Housing Properties – Association

	Housing Properties under construction	Housing Properties held for letting	Total
Cost	£	£	£
At 1 April 2014	-	72,236,598	72,236,598
Additions during year	-	920,039	902,039
Disposals during year	-	(27,898)	(27,898)
Transfers to Completed Schemes	-	-	-
At 31 March 2015	-	73,128,739	73,128,739
HAG Grants received			
At 1 April 2014	-	(40,392,477)	(40,392,477)
Received during year	-	-	-
Disposals during year	-	9,385	9,385
Transfers to Completed Schemes	-	-	-
At 31 March 2015	-	(40,383,092)	(40,383,092)
Other Grants received			
At 1 April 2014	-	(403,923)	(403,923)
Received during year	-	(37,500)	(37,500)
Transfers to Completed Schemes	-	-	-
At 31 March 2015	-	(441,423)	(441,423)
Depreciation			
At 1 April 2014	-	(2,806,494)	(2,806,494)
Charge for year	-	(456,968)	(456,968)
Disposals during year	-	18,514	18,514
At 31 March 2015	-	(3,244,948)	(3,244,948)
Net Book Value			
At 31 March 2015	-	29,059,276	29,059,276
At 31 March 2014	-	28,633,704	28,633,704

Interest of £nil (2014: £nil) has been included in cost of housing properties. All land and property is owned by the Partnership. None of the properties are held under lease.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2015

9c.) Fixed Asset Disclosure	Year ended 31 March 2015 £	Year ended 31 March 2014 £
Association		
Major repairs expensed	64,227	40,906
Replacement of components	904,019	424,745
Total	968,246	465,651

A revaluation of the Association's housing properties based on existing use was carried out as at 1st April 2014 by Jones Lang LaSalle, the result of the valuation being £38,427,000 against a net book value of £29,059,276 in the financial statements. The effect of this is not recognised in these financial statements.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2015

9d.) Other Tangible Fixed Assets (Group)

	Computer Equip	Motor Vehicles	IT Software	Furniture, Fittings & Equip	Office Property	Total
	£	£	£	£	£	£
Cost						
At 1 April 2014	309,784	43,546	240,774	48,703	1,791,252	2,434,059
Transfer	(94,940)	-	50,197	44,743	-	-
Additions during year	-	-	13,938	-	-	13,938
Disposals during year	(107,636)	(5,915)	-	(389)	-	(113,940)
At 31 March 2015	107,208	37,631	304,909	93,057	1,791,252	2,334,057
Depreciation						
At 1 April 2014	208,330	17,319	29,098	42,612	69,229	366,588
Transfer	(42,922)	-	-	42,922	-	-
Charge for the year	18,048	9,481	29,097	4,272	35,825	96,723
Disposals during year	(107,248)	(1,479)	-	(390)	-	(109,117)
At 31 March 2015	76,208	25,321	58,195	89,416	105,054	354,194
Other Grant						
At 1 April 2014	-	-	-	-	12,341	12,341
Amortisation	-	-	-	-	(255)	(255)
At 31 March 2015	-	-	-	-	12,086	12,086
Net Book Value						
At 31 March 2015	31,000	12,310	246,714	3,641	1,674,112	1,967,777
At 31 March 2014	101,454	26,227	211,676	6,091	1,709,682	2,055,130

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2015

9e.) Other Tangible Fixed Assets (Association)

	Computer Equip	Motor Vehicles	IT Software	Furniture, Fittings & Equip	Office Property	Total
	£	£	£	£	£	£
Cost						
At 1 April 2014	123,472	-	208,569	48,702	1,300,254	1,680,997
Transfer	-	-	-	-	-	-
Additions during year	-	-	9,599	-	-	9,599
Disposals during year	(25,625)	-	-	-	-	(25,625)
At 31 March 2015	97,847	-	218,168	48,702	1,300,254	1,664,971
Depreciation						
At 1 April 2014	83,166	-	20,858	42,612	37,112	183,748
Transfer	-	-	-	-	-	-
Charge for the year	16,316	-	20,857	3,638	26,005	66,816
Disposals during year	(25,237)	-	-	-	-	(25,237)
At 31 March 2015	74,245	-	41,715	46,250	63,117	225,327
Net Book Value						
At 31 March 2015	23,602	-	176,453	2,452	1,237,137	1,439,644
At 31 March 2014	40,306	-	187,710	6,091	1,263,142	1,497,249

Rental income of £37,500 was received in the year in relation to an operating lease on the office property owned by the Association. The property is included in the Association accounts at a cost of £1,300,254 (2014: £1,300,254) with accumulated depreciation as at 31 March 2015 of £63,117 (2014: £37,112).

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2015

10. Investment	2015	2014
	£	£
Association		
Shares in unlisted subsidiary companies at cost	101	101

The subsidiary companies at 31st March 2015 were AHP Developments Limited, which is a company registered in Scotland providing, constructing, encouraging or facilitating the provision and construction of affordable housing for Aberdeenshire Housing Partnership and Moray Housing Partnership Limited which is a Co-operative and Community Benefits Society which provides affordable houses for rent in Moray. Aberdeenshire Housing Partnership holds 100% of the share capital in AHP Developments Limited and the controlling share in Moray Housing Partnership.

The results of Moray Housing Partnership for the period year 31 March 2015 are as follows:

Results for the year after Taxation	479,165	387,854
Net Assets	3,073,640	2,594,489

The results of AHP Developments for the year ended 31 March 2015 are as follows:

Results for the period after Taxation	51,485	35,228
Net Liabilities	(46,504)	(98,089)

The Moray Housing Partnership's unconsolidated subsidiary, MHP ES Ltd ceased operations last year and has been dissolved.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2015

11. Debtors

	2015	2014
	£	£
Group		
Amounts falling due within one year		
Gross rents in arrears	265,348	387,749
Less: bad debt provision	(160,580)	(253,450)
	104,768	134,299
Other debtors and prepayments	204,725	273,189
	309,493	407,488
	2015	Restated 2014
	£	£
Association		
Amounts falling due within one year		
Gross rents in arrears	195,634	270,500
Less: bad debt provision	(117,293)	(177,324)
	78,341	93,176
Other debtors and prepayments	181,910	225,413
Intercompany debtor	124,773	68,409
Loan to Moray Housing Partnership	125,000	125,000
	510,024	511,998
Amounts falling due in 2-5 years		
Loan to Moray Housing Partnership	-	125,000
Intercompany debtor	-	75,826
	-	200,826
	510,024	712,824

The first repayment of £125,000 of the Association's loan to Moray Housing Partnership, on which interest is charged at 4%, was made during 2014/15. Interest receivable of £7,500 (2014: £10,000) has been recognised by the Association in relation to this year. The final repayment of £125,000 will be made during 2015/16.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2015

12. Creditors due within one year

	2015	2014
	£	£
Group		
Loans (Note 13)	546,554	364,005
Retentions unpaid	125,899	132,500
Prepaid rent	205,949	151,139
Accruals	851,739	553,122
Other Tax and Social Security	40,945	42,893
Pension Creditor	17,912	16,294
Trade Creditors	165,100	255,431
Other Creditors	50,701	38,372
	<u>2,004,799</u>	<u>1,553,756</u>
Association		
Loans (Note 13)	272,000	100,000
Retentions Unpaid	42,464	12,200
Prepaid Rent	141,760	114,885
Accruals	665,289	482,492
Other Tax and Social Security	28,004	24,769
Pension Creditor	15,187	14,142
Trade Creditors	147,422	225,590
Other Creditors	43,016	34,447
	<u>1,355,142</u>	<u>1,008,525</u>

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2015

13. Creditors due out with one year

	2015	2014
	£	£
Group		
Loans	35,747,824	36,191,262
Capitalised facility fee	(92,906)	(98,018)
HAG Payable	293,944	293,944
Pension Creditor	55,533	83,300
	<u>36,004,395</u>	<u>36,470,488</u>
 Association		
Loans	27,171,498	27,343,498
Capitalised facility fee	(77,520)	(81,348)
HAG Payable	293,944	293,944
Pension Creditor	55,533	83,300
	<u>27,443,455</u>	<u>27,639,394</u>

Loans from private funding amounting to £23,700,000 (2014 - £23,600,000) are secured by a bond and floating charge over all the assets of the Housing Partnership and by specific charges on its properties. These loans are on a 25 year term and are a combination of fully amortising and bullet repayment facilities. Another loan of £3,743,498 has been secured on housing stock interest free and is repayable between 2027 and 2033. Additional bank loans of £9,362,515 were obtained as a result of the constitutional partnership with Moray Housing Partnership, these loans are on a 30 year term and interest is fixed at 3.78% for a period of 10 years which commenced in January 2011.

Agreement has been reached with the Scottish Government that "excess" grant of £293,944 relating to the Devanha project be set aside for the provision of new affordable homes. The funds must be utilised or returned to the Scottish Government by 31st March 2017.

The pension creditor relates to the strain on fund payment due in relation to the redundancy of a former employee. It is payable over a 5 year period ending in 2018.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2015

13. Creditors due out with one year (continued)

	2015	2014
Group	£	£
Less than one year (note 12)	546,554	364,005
Between one and two years	353,090	274,136
Between two and five year	1,144,111	887,685
In five years or more	34,250,623	35,029,441
	<u>36,294,378</u>	<u>36,555,267</u>
Association		
Less than one year (note 12)	272,000	100,000
Between one and two years	68,000	-
Between two and five year	221,000	-
In five years or more	26,882,498	27,343,498
	<u>27,443,498</u>	<u>27,443,498</u>

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2015

14a. Employees	2015	2014
Group	£	£
Wages and salaries	960,947	1,049,481
Social Security costs	78,917	87,795
Other Pension costs	153,440	328,487
	<u>1,193,304</u>	<u>1,465,763</u>

The average full time equivalent number of persons employed by the Group during the year were as follows:

Housing Management	18	18
Corporate	3	2
Business Support	7	11
	<u>28</u>	<u>31</u>

Association		
Wages and salaries	776,321	850,985
Social Security costs	63,254	68,271
Other Pension costs	127,462	268,731
	<u>967,037</u>	<u>1,187,987</u>

The average full time equivalent number of persons employed by the Partnership during the year were as follows:

Housing Management	12	11
Corporate	3	2
Business Support	6	10
	<u>21</u>	<u>23</u>

During the year £nil (2014: £138,834) was accrued to the North East Pension Fund in respect of pension payments relating to the retrospective acceptance of the redundancy of a former member of staff. A further £nil (2014: £55,000) was paid in relation to the termination of a senior officer's contract.

Included in the Association staff costs disclosed above, are costs of £159,220 (2014 - £182,845) that were recharged to Moray Housing Partnership.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2015

14a. Employees (continued)

No members of the Board of AHP, Committee of Management of MHP or Board of AHPD received any remuneration.

The Directors are defined as the Chief Executive and any other senior staff reporting directly to the Chief Executive who are receiving emoluments of £60,000 or more.

Group and Association	2015 £	2014 £
Aggregate emoluments payable to Directors (excluding pension contributions)	195,902	206,096
Pension contributions	36,852	57,368
	<u>232,754</u>	<u>263,464</u>
Emoluments paid to Highest Paid Director (excluding pension contributions)	81,638	64,909
Pension contributions	15,437	30,745
	<u>97,075</u>	<u>95,654</u>

The Chief Executive, Executive Director and Chief Finance Officer are all members of the LGPS defined benefit scheme as disclosed in note 15.

The directors' emoluments (including pension contributions) fell within the following band distributions:

Group and Association	2015 No	2014 No
£60,001 - £70,000	1	-
£70,001 - £80,000	1	1
£80,001 - £90,000	-	-
£90,001 - £100,000	1	2

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2015

14b. Employees (continued)	2015	2014
	£	£
Group		
Total expenses reimbursed to members of the Board in so far as not chargeable to UK income tax	<u>6,021</u>	<u>8,049</u>
Association		
Total expenses reimbursed to members of the Board in so far as not chargeable to UK income tax	<u>5,561</u>	<u>7,053</u>

No member of the Board received any emoluments in respect of their services to the Partnership.

15. Pension Fund

Aberdeenshire Housing Partnership participates in the North East Scotland Pension Fund which is part of the Local Government Pension Scheme (LGPS) (Scotland), a multi-employer scheme. The Local LGPS is a defined benefit scheme based on final pensionable salary.

Aberdeenshire Housing Partnership – North East Scotland Pension Fund

Information about the overall funding position of the North East Scotland Pension Fund was provided by the actuary to the Fund in his report dated 31 March 2015 on the actuarial valuation of the Scheme as at 31 March 2014. The valuation showed that the overall funding position of the Scheme as a whole was 94%, the deficit being £191 million. The actuary has recommended minimum future employer contributions for the year to 31 March 2016 of 20% of total pensionable pay, with an estimated employer contribution for 2015/16 of £150,000.

The next actuarial valuation of the North East Scotland Pension Fund is being carried out with an effective date of 31 March 2017.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2015

15. Pensions (continued)

The amounts recognised in the Income and Expenditure account are as follows:

	31 March 2015	31 March 2014
	£	£
Current Service Cost	(121,000)	(165,000)
Interest on pension liabilities	(189,000)	(184,000)
Expected return on assets	227,000	203,000
Total	(83,000)	(146,000)
Actual Return on Plan Assets	411,000	459,000

The amounts recognised in the Balance Sheet are as follows:

	31 March 2015	31 March 2014
	£	£
Estimated Employer Assets	3,347,000	3,675,000
Present value of Scheme Liabilities	(4,662,000)	(4,206,000)
Net Pension (Liability)	(1,315,000)	(531,000)

The amount recognised in statement of total recognised gains and losses is as follows:

	31 March 2015	31 March 2014
	£	£
Actuarial losses on scheme assets	(514,000)	136,000
Actuarial losses on scheme liabilities	(314,000)	538,000
Changes in assumptions underlying present value of scheme liabilities	-	(138,000)
Net Actuarial (loss)/gain	(828,000)	536,000

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2015

15. Pensions (continued)

Changes in the present value of the defined benefit obligation are as follows:

	31 March 2015	31 March 2014
	£	£
Opening defined benefit obligation	4,206,000	4,337,000
Current service cost	121,000	165,000
Interest on pension liabilities	189,000	184,000
Member contributions	45,000	46,000
Actuarial losses/(gains) on liabilities	314,000	(538,000)
Curtailments	-	138,000
Benefits/transfers	(213,000)	(126,000)
Closing defined benefit obligation	<u>4,662,000</u>	<u>4,206,000</u>

Changes in the present value of the plan assets are as follows:

	31 March 2015	31 March 2014
	£	£
Opening fair value of plan assets	3,675,000	3,286,000
Expected return on plan assets	227,000	203,000
Actuarial gains/(losses) on assets	(514,000)	136,000
Employer contributions	127,000	130,000
Member contributions	45,000	46,000
Benefits/transfers paid	(213,000)	(126,000)
Closing fair value of plan assets	<u>3,347,000</u>	<u>3,675,000</u>

Principal actuarial assumptions at the balance sheet date:

	31 March 2015	31 March 2014	31 March 2013
	% p.a.	% p.a.	% p.a.
Price increases	2.0%	2.2%	2.4%
Salary increases	2.8%	3.2%	4.15%
Pension increases	2.0%	2.2%	2.4%
Discount Rate	3.2%	4.5%	4.2%

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2015

15. Pensions (continued)

The major categories of plan assets are as follows:

	Expected rate of return	Assets	Expected rate of return	Assets	Expected rate of return	Assets
	As at 31 March 2015		As at 31 March 2014		As at 31 March 2013	
	% p.a.	£000s	% p.a.	£000s	% p.a.	£000s
Equities	6.5%	2,624	7.0%	3,076	7.0%	2,615
Gov. Bonds	2.2%	224	3.4%	235	2.8%	227
Other Bonds	2.9%	64	4.3%	81	3.9%	79
Property	5.9%	214	6.2%	213	5.7%	171
Cash	0.5%	80	0.5%	70	0.5%	43
Other	6.5%	141	7.0%	-	7.0%	151
Total	5.69%	3,347	6.2%	3,675	6.14%	3,286

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2015

15. Pensions (continued)

Moray Housing Partnership - SHAPs

Moray Housing Partnership participates in the Scottish Housing Associations' Pension Scheme ('the Scheme'). The Scheme is a multi-employer defined benefit scheme. The Scheme is funded and is contracted-out of the State Pension scheme.

It is not possible in the normal course of events to identify the share of underlying assets and liabilities belonging to an individual participating employer as the Scheme is a multi-employer arrangement where the assets are co-mingled for investment purposes, benefits are paid from the total Scheme assets, and the contribution rate for all employers is set by reference to the overall financial position of the Scheme rather than by reference to individual employer experience. Accordingly, due to the nature of the Scheme, the accounting charge for the period under FRS17 represents the employer contribution payable.

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

The last formal valuation of the Scheme was performed as at 30 September 2012 by a professionally qualified Actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £394 million. The valuation revealed a shortfall of assets compared with the value of liabilities of £304 million, equivalent to a past service funding level of 56.4%.

The Scheme Actuary has prepared an Actuarial Report that provides an approximate update on the funding position of the Scheme as at 30 September 2014. Such a report is required by legislation for years in which a full actuarial valuation is not carried out. The funding update revealed an increase in the assets of the Scheme to £539 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £281 million, equivalent to a past service funding level of 66%.

The Scheme offers six benefit structures to employers, namely:

- Final salary with a 1/60th accrual rate.
- Career average revalued earnings with a 1/60th accrual rate.
- Career average revalued earnings with a 1/70th accrual rate.
- Career average revalued earnings with a 1/80th accrual rate.
- Career average revalued earnings with a 1/120th accrual rate, contracted-in.
- Defined Contribution (DC) option.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2015

15. Pensions (continued)

An employer can elect to operate different benefit structures for their active members (as at the first day of April in any given year) and their new entrants. The DC option can be introduced by the employer on the first day of any month after giving a minimum three months' prior notice.

The Moray Housing Partnership has given the necessary prior notice, having elected to only operate the defined Contribution (DC) option from 1st May 2015. The final salary with a 1/60th accrual rate benefit option will continue for active members until 30th April 2015 when members will transfer to the DC option.

During the accounting period The Moray Housing Partnership paid contributions at the rate of 12.3% of pensionable salaries for future service. Member contributions were paid at a rate of 12.3% for future service. As at the balance sheet date there were 3 active members of the Scheme employed by The Partnership. The annual pensionable payroll in respect of these members was £93,669.

The Partnership continues to offer membership of the Scheme to its employees.

The key valuation assumptions used to determine the assets and liabilities of the Scottish Housing Associations' Pension Scheme are:

Valuation Assumptions		% p.a.
Investment return pre-retirement		5.3
Investment return post retirement - Non-pensioners		3.4
Investment return post retirement - Pensioners		3.4
Rate of salary increases		4.1
Rate of pension increases		
- Pension accrued pre 6 April 2005 in excess of GMP		2.0
- Pension accrued post 6 April 2005 (for leavers before 1 October 1993 pension increases are 5.0%)		1.7
Rate of price inflation		2.6

Mortality Tables	
Non-pensioners	44% of S1PMA (males) and S1PFA (females) projected using CMI_2011 with a long term improvement of 1.50% p.a. for males and 1.25% p.a. for females
Pensioners	90% of S1PMA (males) and S1PFA (females) projected using CMI_2011 with a long term rate of improvement of 1.50% p.a. for males and 1.25% p.a. for females

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2015

15. Pensions (continued)

Contribution Rates for Future Service (payable from 1 April 2014)	%
Final salary 1/60ths	24.6
Career average revalued earnings 1/60ths	22.4
Career average revalued earnings 1/70ths	19.2
Career average revalued earnings 1/80ths	16.9
Career average revalued earnings 1/120ths	11.4

Additional deficit contributions are payable from 1 April 2014 and will increasing by 3% per annum each 1 April thereafter. Technical Provisions liabilities as at 30 September 2012 will be used as the reference point for calculating the additional contributions.

Following a change in legislation in September 2005 there is a potential debt on the employer that could be levied by the Trustee of the Scheme. The debt is due in the event of the employer ceasing to participate in the Scheme or the Scheme winding up.

The debt for the Scheme as a whole is calculated by comparing the liabilities for the Scheme (calculated on a buy-out basis, i.e. the cost of securing benefits by purchasing annuity policies from an insurer, plus an allowance for expenses) with the assets of the Scheme. If the liabilities exceed assets there is a buy-out debt.

The leaving employer's share of the buy-out debt is the proportion of the Scheme's liability attributable to employment with the leaving employer compared to the total amount of the Scheme's liabilities (relating to employment with all the employers). The leaving employer's debt therefore includes a share of any 'orphan' liabilities in respect of previously participating employers. The amount of the debt therefore depends on many factors including total Scheme liabilities, Scheme investment performance, the liabilities in respect of current and former employees of the employer, financial conditions at the time of the cessation event and the insurance buy-out market. The amounts of debt can therefore be volatile over time.

The Partnership has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2014. As of this date the estimated employer debt for The Moray Housing Partnership was £393,148.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2015

16a. Notes to the Cash Flow Statement (Group)

	2015 £	2014 £
(a) Reconciliation of surplus to net cash flow from operating activities		
Operating surplus for year	2,977,408	2,313,831
Depreciation	662,773	623,536
Amortise facility fee	5,112	4,661
Increase/(Decrease) in debtors	82,609	(63,399)
Increase in creditors	234,727	339,164
Release of Share Capital	(14)	-
Net cash inflow from operating activities	3,962,615	3,217,793

Reconciliation of net cash flow to movement in net debt

(b)			
Increase in cash for year	1,065,555	1,059,223	
Loan Movement	245,503	250,746	
	1,311,058	1,309,969	
Net debt as at 1 April	(34,271,411)	(35,581,380)	
Net debt as at 31 March	(32,960,353)	(34,271,411)	

(c) Analysis of Changes in net debt

	As at 1 April 2014 £	Cash flow £	As at 31 March 2015 £
Cash at bank and in hand	2,283,856	1,065,555	3,349,411
Debt due in less than one year	(364,005)	(182,549)	(546,554)
Debt due after one year	(36,191,262)	428,052	(35,763,210)
	(34,271,411)	1,311,058	(32,960,353)

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2015

16b. Notes to the Cash Flow Statement (Association)

16b. Notes to the Cash Flow Statement (Association)		2015	Restated
		£	2014
			£
(a)	Reconciliation of surplus to net cash flow from operating activities		
	Operating surplus for year	2,094,683	1,589,329
	Prior period adjustment	(20,672)	-
	Depreciation	523,784	486,196
	Amortise facility fee	3,828	3,828
	(Increase) in debtors	223,472	(108,344)
	Increase in creditors	140,850	272,919
	Net cash inflow from operating activities	2,965,945	2,243,928
(b)	Reconciliation of net cash flow to movement in net debt		
	Increase/(decrease) in cash for year	694,956	818,177
	Change in net debt	694,956	818,177
	Net debt as at 1 April	(25,913,663)	(26,731,840)
	Net debt as at 31 March	(25,218,707)	(25,913,663)
(c)	Analysis of Changes in net debt		
	Restated	Cash flow	As at 31
	As at 1 April		March 2015
	2014		
	£	£	£
	Cash at bank and in hand	694,956	2,224,791
	Debt due in less than one year	(172,000)	(272,000)
	Debt due after one year	172,000	(27,171,498)
		694,956	(25,218,707)

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2015

17. Capital Commitments – Group and Association	2015	2014
	£	£
Development	-	-
Replacement Components	57,767	-
Office	-	-
Expenditure authorised by the Board contracted less certified	57,767	-

18. Contingent Liabilities

Group

Housing Association Grant allocated to components that have subsequently been replaced by the Group is recognised in the Income and Expenditure account, with the cost of the replacement and any additional funding for this replacement being capitalised. The recycled grant recognised in the Income and Expenditure account at 31st March 2015 was £22,895 (2014: £16,126).

Association

Housing Association Grant allocated to components that have subsequently been replaced by the Association is recognised in the Income and Expenditure account, with the cost of the replacement and any additional funding for this replacement being capitalised. The recycled grant recognised in the Income and Expenditure account at 31st March 2015 was £9,384 (2014: £5,807).

The Partnership is in a VAT group with its subsidiaries Moray Housing Partnership and AHP Developments Limited. The total group VAT liability of £11,788 (2014: £8,022) will have to be paid in full by the Partnership in the event of a default by either of the above two entities.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2015

19. Housing Stock – Group and Association

The number of units in management at 31 March was as follows:

	2015	Restated 2014
	No	No
General Needs	926	926
Shared Ownership (LIFT properties)	29	29
Factoring (Owner Occupiers)	32	58
Mid-Market	8	8
General Needs from Group	488	488
Total units in management	<u>1,483</u>	<u>1,483</u>

The number of units managed by others as at 31 March was as follows:

Group

	2015	2014
	No	No
Leased units to Aberdeenshire Council	3	3
Leased units to Moray Council	7	7
	<u>10</u>	<u>10</u>

Association

	2015	2014
	No	No
Leased units to Aberdeenshire Council	<u>3</u>	<u>3</u>

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2015

20. Leasing Commitments – Group and Association

At 31 March 2015 the Group and Association had annual commitments under non-cancellable operating leases as detailed below:

	Plant & Machinery		Land and Buildings	
	2015	2014	2015	2014
	£	£	£	£
Group				
Operating leases which expire:				
Within one year	-	-	-	-
Within two to five years	10,650	10,650	-	-
After five years	-	-	-	-
	<u>10,650</u>	<u>10,650</u>	<u>-</u>	<u>-</u>

	Plant & Machinery		Land and Buildings	
	2015	2014	2015	2014
	£	£	£	£
Association				
Operating leases which expire:				
Within one year	-	-	-	-
Within two to five years	9,082	9,082	-	-
After five years	-	-	-	-
	<u>9,082</u>	<u>9,082</u>	<u>-</u>	<u>-</u>

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2015

21. Related Party Transactions

AHP Developments Limited incurred in total £nil (2014: £nil) of costs for properties under construction on behalf of Aberdeenshire Housing Partnership.

In addition, during the year Aberdeenshire Housing Partnership recharged £15,205 (2014: £7,968) of expenses relating to AHP Developments Limited and £17,000 (2014: £17,000) in relation to the lease of housing stock on operating leases. The balance due from AHP Developments at the year-end was £48,948 (2014 restated: £61,396).

Aberdeenshire Housing Partnership charged Moray Housing Partnership loan interest of £7,500 (2014: £10,000). In addition, management charges during the same period amounted to £159,220 (2014: £182,845) and costs incurred on behalf of Moray Housing Partnership amounted to £126,326 (2014: £155,446). The total amount due at the year-end was £200,825 (2014: £332,068).

The following members of the Board are also tenants of the Partnership on normal Scottish Secure Tenancy terms: William Chapman.

Two members of the Association's Board are local Councillors and have disclosed their interest in the related public bodies. These are Carl Nelson and Brian A Topping. Any transactions with these bodies are carried out at arm's length basis on normal commercial terms. Members of the Board cannot use their position to their advantage.

22. Ultimate controlling party

The Directors do not believe that there is any one controlling party of the Group.

23. Members' Guarantee

Aberdeenshire Housing Partnership, being a Company limited by guarantee, has no share capital.

Membership at 31 March 2015 totalled 11 (2014: 11).

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2015

24. Prior Year Adjustment

Gift Aid

On 31 October 2014 the ICAEW issued its technical release 'Guidance on donations by a company to its parent charity' which considers the accounting implications of legal advice that donations of taxable profits made by a subsidiary company to its charitable parent constitute distributions rather than donations. As a result of this, such donations made by AHP Developments Limited to Aberdeenshire Housing Partnership are required to be treated as a distribution of reserves rather than as an expense in the Profit and Loss Account which, in common with many other charity subsidiaries and trading companies, had been previously the case. As the change in treatment results in a distribution causing the subsidiary, AHP Developments Limited to have negative reserves in the year to 31 March 2013, the amount repayable by the RSL and it has therefore resulted in a increase in the intercompany debtor and an decrease in reserves as the distribution is in effect cancelled. This revised treatment is considered to be a change in accounting policy due to a change in accounting standards, therefore requiring a prior period adjustment.

The effect of this change in accounting policy on AHP is shown below:

Effect on 2013 financial
statements:

Increase in intercompany debtors	20,672
Impact on tax charge	-
Impact on profit for the year	-
Decrease in reserves	(20,672)

**ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2015

The following pages do not form part of the financial statements which are the subject of the auditors' report on pages 18-19.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2015

	Year ended 31 March 2015	Year ended 31 March 2014
	£	£
Receipts		
Rental Income	6,786,407	6,472,729
Less: Void rents	<u>(33,730)</u>	<u>(10,823)</u>
	6,752,677	6,461,906
 Other income	 <u>286,318</u>	 <u>244,220</u>
	7,038,995	6,706,126
 Housing Management		
Salaries	464,046	448,032
Pension	60,373	73,483
Staff Travel	32,964	37,415
Staff Training/Development	5,465	6,998
Property Insurance	73,835	64,064
Reactive Maintenance	492,163	579,041
Planned & Cyclical Maintenance	361,575	204,320
Voids Maintenance	128,686	106,373
Adaptations	43,196	64,395
Rent collection costs	21,255	39,541
Recoverable Service Costs	179,754	198,644
Tenant Recharges	86,765	47,828
Tenant Participation/Newsletter	15,062	12,471
Compensation	4,478	4,132
Bad Debts	75,355	154,691
Loss on asset disposal	-	667
Depreciation of housing properties	<u>537,822</u>	<u>536,543</u>
	(2,582,794)	(2,578,638)
 Carried forward	 4,456,201	 4,127,488

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

DETAILED INCOME AND EXPENDITURE ACCOUNT (continued)
FOR THE YEAR ENDED 31 MARCH 2015

	Year ended 31 March 2015	Year ended 31 March 2014
	£	£
Brought forward	4,453,582	4,127,488
Administration costs		
Cost of sales - housing properties	-	-
Salaries	575,817	714,245
Development salary costs capitalised	-	-
Pensions	87,068	230,003
FRS 17 Adjustment	-	35,000
Staff Travel	38,091	41,311
Staff Training/Development	10,315	4,995
Insurance	26,991	20,510
Office costs	38,899	80,011
Printing, postage & stationery	27,447	21,023
Telephone - office	32,683	15,595
Promotion and publicity	5,067	3,005
Professional fees	126,286	206,776
Information Technology	68,595	61,322
Depreciation	124,697	86,851
Subscriptions and donations	16,105	16,609
Board expenses	6,021	8,049
Sundries	10,051	12,144
VAT	261,972	265,112
Board Training/Development	3,008	3,837
	<u>(1,459,113)</u>	<u>(1,826,398)</u>
	2,997,088	2,301,090
Gain on acquisition of subsidiary	-	-
Bank interest received	10	-
	<u>2,997,098</u>	<u>2,301,090</u>
Bank interest paid	1,731,322	1,739,152
Net pension finance (gain)/loss	(38,000)	(19,000)
Bank charges	19,680	22,259
Corporation Tax	-	8,807
	<u>(1,713,002)</u>	<u>(1,751,218)</u>
	1,284,096	549,872
Capitalised interest	-	-
Net surplus for the year	<u>1,284,096</u>	<u>549,872</u>