

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

CONSOLIDATED
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

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 2014

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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 2014

AHP Board

Michael Scott, Chair
Stuart Robertson, Vice Chair
William Chapman
Robert Hepburn
Carl Nelson
S. Bruce Mair
Hazel L. Smith (formerly Al-Kowarri)
Brian A. Topping
Jonathan Young
Kate Darbyshire
Douglas Bodie
Jean Morrison (resigned 17th December 2013)

AHP Developments Board of Directors

William Chapman, Chair
Douglas Bodie, Vice Chair
Robert Hepburn
Glenn Adcook
Colin Hawkins
David Urquhart (resigned 25th September 2013)
John Martin (resigned 30th September 2013)

MHP Committee of Management

Cllr Barry Jarvis (Chairperson)
Des Elliott
Nicola McCart
Kevin Griffin (resigned 25th September 2013)
Sandra Dow
Daniel Ralph (resigned 25th September 2013)
Lee McGrath (resigned 25th September 2013)
Robert Hepburn
Hazel L. Smith (formerly Al-Kowarri)
Michael Scott
Fiona Mair (resigned 25th September 2013)
Frieda Johnstone (appointed 5th December 2013)
Gary Souter (appointed 5th December 2013)

Executive Officers

Colin Hawkins, Chief Executive
Glenn Adcook, Housing Services Director
John Martin (Finance & Corporate Services Director) to 30th September 2013

Registered Office

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

Bankers

Lloyds Banking Group	Bank of Scotland
PO Box 72	90 High Street
Bailey Drive	Elgin
Gillingham Business Park	IV30 1BJ
Gillingham	
Kent	
ME8 0LS	

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

OFFICERS AND PROFESSIONAL ADVISERS

**31 MARCH 2014
(Continued)**

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

31 MARCH 2014

The Board present their report and audited financial statements for the year ended 31 March 2014.

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 will resume when conditions allow.

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 and MHP but exclude the immaterial results of MHP's subsidiary MHP ES Ltd which ceased trading during the year.

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 2014, AHP owned 939 houses 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 balance of 443 properties being developed over more recent years and particularly through the NE Scotland procurement vehicle Devanha Ltd. In addition AHP factors 29 shared ownership units and 58 owner occupied units. A further 8 units are leased to Aberdeenshire Housing Partnership's trading subsidiary AHP

ABERDEENSHIRE HOUSING PARTNERSHIP
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REPORT OF THE BOARD
(Continued)

31 MARCH 2014

Principal activity (continued)

Developments Limited for letting as Mid-Market rental units in Aberdeen. The partnership with Moray Housing Partnership brings a further 488 general housing units and 20 garages into the group stock profile.

The principal activity is supported by the current Strategic Plan which covers the period 2009-2014. A major review of the Plan is scheduled for 2014 and the outcomes will be reported next year.

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 being 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 responsible for:

Housing - landlord performance, tenant engagement, asset management.

Resource & Governance – Risk strategy, External / Internal Audit arrangements, budget review, financial projections and Group governance arrangements.

Corporate Services – including 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 RSL's.

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 Moray Housing Partnership 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
(Company Limited by Guarantee)

REPORT OF THE BOARD
(Continued)

31 MARCH 2014

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 and the impact of Welfare Reform.

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 carried out a full Tenant Satisfaction Survey and prepared for the new requirements set out in the Scottish Housing Charter. In this respect the Group engaged with the Moray and Aberdeenshire Housing Partnership Tenants Association (MAHPTA) and participated in the Scottish Housing Regulator's Early Adopters initiative to ensure a smooth transition to the production of the first Annual Return on the Charter due in May 2014. This creates a solid framework for the Group to build on to achieve its Strategic Objectives which in itself 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.

ABERDEENSHIRE HOUSING PARTNERSHIP
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REPORT OF THE BOARD
(Continued)

31 MARCH 2014

Overview of Activities and Performance (continued)

Core Values (continued)

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

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 period was the first full year of the new constitutional partnership. Overall financial targets were not achieved although the Group still 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, 2014/15.

ABERDEENSHIRE HOUSING PARTNERSHIP
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REPORT OF THE BOARD
(Continued)

31 MARCH 2014

Overview of Activities and Performance (continued)

Sufficient funds have been set aside to deliver the Scottish Housing Quality Standards Delivery Plan by the March 2015 deadline.

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 2013/2014	Actual 2013/2014	Target 2014/2015
Current rent arrears	1.5%	5.1%	4.5%
Former rent arrears	1.0%	1.1%	1.0%
Void loss	0.8%	0.1%	0.8%
Void performance	15 working days	18 working days	15 working days
Board & Committee attendance	90%	79%	80%
Staff attendance	97%	99%	98%

KPI MHP	Target 2013/2014	Actual 2013/2014	Target 2014/2015
Current rent arrears	2.8%	3.7%	3.5%
Former rent arrears	1.61%	2.2%	1.5%
Void loss	0.5%	0.2%	0.5%
Void performance	15 working days	2 working days	15 working days
Board & Committee attendance	100%	67%	80%
Staff attendance	95%	95%	98%

ABERDEENSHIRE HOUSING PARTNERSHIP
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REPORT OF THE BOARD
(Continued)

31 MARCH 2014

Review of Operations

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

The Housing Management team continues to focus on the management of rent arrears and mitigate the impact, where possible, of Welfare Reform. Void performance target has not been met in the year and this relates to one property let to the council for tenants with specific requirements. All other void properties in the year were let within target. 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 targeted the achievement of certain reserve levels in relation to operating expenses. The targets set have now been achieved.

Group turnover for the year increased to £6.7m (2013: £5.0m), whilst operating costs for the year increased to £4.4m (2013: £3.1m), resulting in the Group operating surplus of £2.3m (2013: £1.9m).

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. In this respect discussions were held with another North East based RSL to consider a formal constitutional partnership but after due consideration and by mutual agreement the discussions were not progressed.

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 direct provision will take place in 2014/15; the review, which will include provision of a range of housing tenures, will reflect the diversity of the housing markets existing throughout the Group's operating area.

ABERDEENSHIRE HOUSING PARTNERSHIP
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REPORT OF THE BOARD
(Continued)

31 MARCH 2014

Charitable Status

Aberdeenshire Housing Partnership was granted charitable status with effect from 18th October 1999. AHP Developments Limited is a trading subsidiary and considers, with its parent, the treatment of operating surpluses to best affect the Group's Vision & Strategic Objectives. Moray Housing Partnership is an Co-operative and Community Benefits Society, regulated by the FCA (formerly the FSA) and has been a registered social landlord since 2002 and also 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 2014, the Partnership had an appropriate mix of fixed and variable rate finance. The banking facility provided by Lloyds TSB was revised with effect from 1st April 2010 securing a facility of £24.6m with a fixed rate for the period to 31st March 2018. 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 Group seeks to maintain its properties to the highest standard. To this end, programmes of cyclical and planned revenue repairs are being developed in the short and medium term to deal with the gradual and predictable deterioration of building components. It is expected that the cost of these repairs would be charged to the Income and Expenditure Account. In addition the Partnership 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 delivery plan for the Scottish Housing Quality Standards has been prepared on this premise.

ABERDEENSHIRE HOUSING PARTNERSHIP
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REPORT OF THE BOARD
(Continued)

31 MARCH 2014

Employee Involvement and Health and Safety

The Group encourages employee involvement in all major initiatives and in addition holds a Strategy Day (held on June 2014) where staff have the opportunity to review Performance with governing body members and tenants and discuss and agree strategic objectives. The Group holds regular staff meetings to monitor performance against these agreed objectives and holds Investors in People accreditation.

There is a staff Health and Safety group which meets bi-monthly. Health and Safety is also a standing item on Governing Body and 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 AHP a target to ensure that Partnership 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 2014, six months operating costs equate to approximately £1.5m including all repairs. This target has been met in the current financial year. Undesignated revenue reserves at 31 March 2014 are £3.6m (2013: £3.4m).

Designated Reserve

In order to partially recognise the future pensions risk, a designated reserve had previously been set aside for Aberdeenshire Housing Partnership to the value of £320k, which was the latest indicative value available. This has been released as FRS17 has been adopted.

In the Group all reserves relating to Moray Housing Partnership have been designated for their future use. Included in this is an amount of £107k 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 has been set aside.

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
(Continued)

31 MARCH 2014

Credit Payment Policy

The payment policy which the Partnership 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.



By order of the Board

Date: 22/04/14

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

STATEMENT OF BOARD RESPONSIBILITIES

31 MARCH 2014

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

Company law requires the directors to prepare group and company financial statements for each financial year. Under that law the directors have elected to prepare the company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing 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.

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ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

BOARD'S STATEMENT ON INTERNAL FINANCIAL CONTROL

31 MARCH 2014

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 2014

The Management Team has reviewed the system of internal financial control in the Group during the year ended 31 March 2014. 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

Date: 22/09/14

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 19 to 63. 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 2014 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 Board's Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

ABERDEENSHIRE HOUSING PARTNERSHIP
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**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: 24 September 2016

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

INCOME & EXPENDITURE ACCOUNT – GROUP

FOR THE YEAR ENDED 31 MARCH 2014

	Notes	Year ended 31 March 2014	Restated Year ended 31 March 2013
		£	£
Turnover	2a	6,706,126	4,943,859
Less: Operating Costs	2a	(4,427,295)	(3,060,154)
Operating Surplus	2a	2,278,831	1,883,705
Gain on acquisition of subsidiary		-	2,162,888
Interest receivable and other income		-	4,986
Interest payable and similar charges	4	(1,720,152)	(1,485,326)
Surplus before taxation		558,679	2,566,253
Taxation charge	6	(8,807)	-
Surplus for the year	7	549,872	2,566,253

Statement of Total Recognised Gains and Losses

		Year ended 31 March 2014	Restated Year ended 31 March 2013
		£	£
Surplus for the year		549,872	2,566,253
Actuarial gain/(loss) on pension scheme	15	536,000	(151,000)
Total recognised gains relating to the year		1,085,872	2,415,253
Prior period adjustment	25	(1,051,000)	-
Total recognised gains since last annual report		34,872	2,415,253

All activities relate to continuing activities.

ABERDEENSHIRE HOUSING PARTNERSHIP
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INCOME & EXPENDITURE ACCOUNT – ASSOCIATION

FOR THE YEAR ENDED 31 MARCH 2014

	Notes	Year ended 31 March 2014	Restated Year ended 31 March 2013
		£	£
Turnover	2b	4,631,995	4,433,222
Less: Operating Costs	2b	(3,077,666)	(2,612,813)
Operating Surplus	2b	1,554,329	1,820,409
Interest receivable and other income		10,000	7,452
Interest payable and similar charges	4	(1,365,824)	(1,393,000)
Surplus for the year	7	198,505	434,861

Statement of Total Recognised Gains and Losses

		Year ended 31 March 2014	Restated Year ended 31 March 2013
		£	£
Surplus for the year		198,505	434,861
Actuarial gain/(loss) on pension scheme	15	536,000	(151,000)
Total recognised (losses)/gains relating to the year		734,505	283,861
Prior period adjustment	25	(1,051,000)	
Total recognised (losses)/gains since last annual report		(316,495)	283,861

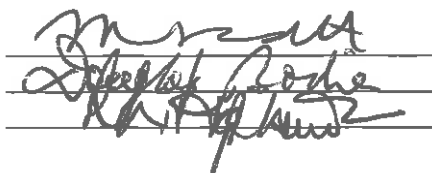
All activities relate to continuing activities.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)
BALANCE SHEET – GROUP AS AT 31 MARCH 2014
Company Number: SC 198586

	Notes	Year ended 31 March 2014 £	Restated Year ended 31 March 2013 £
Tangible Fixed Assets			
Housing Properties – depreciated cost	9a	105,202,538	105,293,546
Less: HAG	9a	(59,255,529)	(59,555,277)
Less: other capital grants	9a	(6,447,047)	(6,457,367)
		39,499,962	39,280,902
Other Fixed Assets	9d	2,055,130	2,072,263
		41,555,092	41,353,165
Fixed Asset Investments			
LIFT Loans		1,374,004	1,374,004
LIFT Grants		(1,374,004)	(1,374,004)
		-	-
Current Assets			
Debtors	11	407,488	712,740
Cash at bank and in hand		2,283,856	1,224,633
		2,691,344	1,937,373
Creditors: amounts falling due within one year	12	(1,637,056)	(1,285,264)
Net current assets		1,054,288	652,109
Total assets less current liabilities		42,609,380	42,005,274
Pension Liability	15	(531,000)	(1,051,000)
Creditors: amounts falling due after more than one year	13	(36,387,188)	(36,348,951)
Net Assets		5,691,192	4,605,323
Capital and Reserves			
General Reserves	7	3,627,703	3,449,685
Pension Reserve	7a	(531,000)	(1,051,000)
Designated Reserves	8	2,594,489	2,206,638
		5,691,192	4,605,323

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006. These financial statements were approved by the Board and authorised for issue on 22 September 2014 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 2014
Company Number: SC 198586

	Notes	31 March 2014 £	Restated 31 March 2013 £
Tangible Fixed Assets			
Housing Properties – depreciated cost	9b	69,430,104	69,468,861
Less: HAG	9b	(40,392,477)	(40,692,225)
Less: other capital grants	9b	(403,923)	(403,923)
		<u>28,633,704</u>	<u>28,372,713</u>
Other Fixed Assets	9e	1,497,249	1,531,722
		<u>30,130,953</u>	<u>29,904,435</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	<u>101</u>	<u>101</u>
Current Assets			
Debtors	11	733,496	993,803
Cash at bank and in hand		1,529,835	711,658
		<u>2,263,331</u>	<u>1,705,461</u>
Creditors: amounts falling due within one year	12	<u>(1,091,825)</u>	<u>(819,714)</u>
Net current assets/(liabilities)		<u>1,171,506</u>	<u>885,747</u>
Total assets less current liabilities		<u>31,302,560</u>	<u>30,790,283</u>
Pension Liability	15	(531,000)	(1,051,000)
Creditors: amounts falling due after more than one year	13	(27,556,094)	(27,258,322)
Net Assets		<u>3,215,466</u>	<u>2,480,961</u>
Capital and Reserves			
General Reserves	7	3,746,466	3,531,961
Pension Reserve	7a	(531,000)	(1,051,000)
Designated Reserves	8	-	-
		<u>3,215,466</u>	<u>2,480,961</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part 15 of the Companies Act 2006. These financial statements were approved by the Board and authorised for issue on ...23 September... 2014 and signed on their behalf by:

Board Member
Board Member
Board Member

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

CASH FLOW STATEMENT – GROUP

YEAR TO 31 MARCH 2014

	Notes	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Net cash inflow from operating activities	16a	3,217,793	2,479,969
Returns on investment and servicing of finance			
Interest received		-	4,986
Interest paid		(1,739,152)	(1,475,326)
Net cash outflow from returns on investments and servicing of finance		(1,739,152)	(1,470,340)
Capital Expenditure and Financial Investment			
Purchase and development of housing properties		(492,182)	(797,415)
Payments to acquire other tangible fixed assets		(70,650)	(110,542)
Capital grants received		368,651	-
Capitalised interest		(5,804)	-
Sales proceeds from fixed assets		31,313	-
Net cash outflow from capital expenditure and financial investment		(168,672)	(907,957)
Net cash inflow before financing		1,309,969	101,672
Financing			
Loans repaid		(250,746)	(63,329)
Net cash outflow from financing	16a	(250,746)	(63,329)
Increase in cash and cash equivalents	16a	1,059,223	38,343

Further information is given in note 16a.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

CASH FLOW STATEMENT – ASSOCIATION

YEAR TO 31 MARCH 2014

	Notes	Year ended 31 March 2014 £	Year ended 31 March 2013 £
Net cash inflow from operating activities	16b	2,243,928	1,801,936
Returns on investment and servicing of finance			
Interest received		10,000	7,452
Interest paid		(1,384,824)	(1,383,000)
Net cash outflow from returns on investments and servicing of finance		(1,374,824)	(1,375,548)
Capital Expenditure and Financial Investment			
Purchase and development of housing properties		(426,309)	(787,502)
Payments to acquire other tangible fixed assets		(23,915)	(50,540)
Capital grants received		368,651	371,039
Capitalised interest and development allowances		-	-
Sales proceeds from fixed assets		30,646	-
Net cash outflow from capital expenditure and financial investment		(50,927)	(467,003)
Net cash inflow/(outflow) before financing		818,177	(40,615)
Financing			
Loan received		-	-
Net cash inflow/(outflow) from financing	16b	-	-
Increase/(decrease) in cash and cash equivalents	16b	818,177	(40,615)

Further information is given in note 16b.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2014

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’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. MHP ES Ltd has not been included as it is immaterial to the Group.

(d) Turnover

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

(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 2014

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 2014

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	1.11% - 1.43% 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 2014

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 2014

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 and 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 2014

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.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2014

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

	Note	Turnover	Operating Costs	Operating Surplus	Operating Surplus for Previous period of account (restated)
		£	£	£	£
Social Lettings	3a	6,461,906	(4,345,631)	2,116,275	1,836,629
Other activities	3c	244,220	(81,664)	162,556	47,076
Total		6,706,126	(4,427,295)	2,278,831	1,883,705
Total for previous period of account (restated)		4,943,859	(3,060,154)	1,883,705	

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

	Note	Turnover	Operating Costs	Operating Surplus	Operating Surplus for Previous period of account (restated)
		£	£	£	£
Social Lettings	3b	4,452,615	(3,096,607)	1,356,008	1,570,558
Other activities	3d	179,380	18,941	198,321	249,851
Total		4,631,995	(3,077,666)	1,554,329	1,820,409
Total for previous period of account (restated)		4,433,222	(2,612,813)	1,820,409	

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2014

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

	2014	2013 Restated
Group		
	£	£
Rents receivable net of identifiable service charges	6,240,919	4,546,404
Service charges	231,810	172,081
Gross income from rents and service charges	6,472,729	4,718,485
Less: voids	(10,823)	(30,453)
Net income from rents and service charges	6,461,906	4,688,032
Other Revenue grants	-	41,454
Total turnover from social letting activities	6,461,906	4,729,486
Management and maintenance administration costs	2,524,855	1,592,635
Service costs	198,644	239,878
Planned and cyclical maintenance including major repairs costs	204,320	11,460
Reactive maintenance costs	739,001	481,244
Bad debts – rent and service charges	142,268	125,526
Depreciation of social housing	536,543	442,114
Operating costs for social letting activities	4,345,631	2,892,857
Operating Surplus for social lettings	2,116,275	1,836,629
Operating Surplus for social lettings for previous period of account (restated)	1,836,629	

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2014

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

	2014	2013 Restated
Association		
	£	£
Rents receivable net of identifiable service charges	4,305,880	4,091,448
Service charges	152,982	156,063
Gross income from rents and service charges	4,458,862	4,247,511
Less: voids	(6,247)	(29,932)
Net income from rents and service charges	4,452,615	4,217,579
Other Revenue grants	-	30,505
Total turnover from social letting activities	4,452,615	4,248,084
Management and maintenance administration costs	1,756,883	1,498,236
Service costs	125,018	229,652
Planned and cyclical maintenance including major repairs costs	113,185	-
Reactive maintenance costs	558,200	445,602
Bad debts – rent and service charges	114,581	94,832
Depreciation of social housing	428,740	409,204
Operating costs for social letting activities	3,096,607	2,677,526
Operating Surplus for social lettings	1,356,008	1,570,558
Operating Surplus for social lettings for previous period of account (restated)	1,570,558	

Following a review, income received from the Scottish Government in relation to aids and adaptations (previously allocated to other revenue grants) has been re-categorised as other activities (2013: £46,387). Further income from non-social lettings are included in rent received of £34,931 (2013: £34,391). Matching costs previously allocated to service costs have also been re-categorised as other activities (2013: £28,113).

Further re-categorisations have seen costs relating to annual heating inspections (previously allocated to service costs) being re-classified as planned and cyclical maintenance including major repairs costs £113,185 (2013: £79,524).

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2014

3c.) Particulars of turnover, operating costs and operating surplus or deficit from other activities (Group)	Grants from Scottish Ministers	Other revenue	Supporting people income	Other income	Total turnover	Operating costs – bad debts	Other operating costs	Operating surplus	Operating surplus/(deficit) for previous period of account
	£	£	£	£	£	£	£	£	£
Wider action/Wider role	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	9,172	9,172	-	-	9,172	20,985
Development and construction of property	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	13,000	13,000	-	-	13,000	13,000
Other agency/management services	-	-	-	94,702	94,702	-	10,605	84,097	(46,611)
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non-registered social landlords	-	-	-	-	-	-	-	-	-
Other activities	64,499	-	-	62,847	127,346	-	71,059	56,287	59,702
Total from other activities	64,499	-	-	179,721	244,220	-	81,664	162,556	47,076
Total from other activities for the previous period of account	-	-	-	214,373	214,373	-	167,297	47,076	-

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2014

3d.) Particulars of turnover, operating costs and operating surplus/(deficit) from other activities (Association)	Grants from Scottish Ministers	Other revenue	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	-	-	-	9172	9,172	-	-	9,172	-
Development and construction of property	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	22,590	22,590	-	-	22,590	63,389
Developments for sale to RSLs	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non-RSLs	-	-	-	-	-	-	-	-	-
Other activities	46,387	-	-	101,231	147,618	-	(18,941)	166,559	186,462
Total from other activities	46,387	-	-	132,993	179,380	-	(18,941)	198,321	249,851
Total from other activities for the previous period of account	-	-	-	185,138	185,138	-	(64,713)	249,851	

Grants from Scottish Ministers of £46,387 relate to aids and adaptations and factoring income of £9,172 have been re-categorised as other activities from 2013/14. There are matching operating costs of £42,170. Included in other operating costs is the decrease in the intercompany provision of £71,716 which has resulted in a positive costs balance.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2014

4. Interest payable	2014	2013
	£	Restated £
Group		
Loan Interest	1,739,152	1,475,326
Net finance (gain)/cost on pension liability (note 15)	(19,000)	10,000
	<u>1,720,152</u>	<u>1,485,326</u>
Association		
Loan Interest	1,384,824	1,383,000
Net finance (gain)/cost on pension liability (note 15)	(19,000)	10,000
	<u>1,365,824</u>	<u>1,393,000</u>

5. Operating Surplus is stated after charging

	2014	2013
	£	£
Group		
Directors' Remuneration	264,275	234,704
Auditors remuneration – audit services	24,983	17,599
Other bodies relating to Baker Tilly UK Audit LLP	11,235	10,161
Operating leases	28,588	25,591
Depreciation	<u>623,536</u>	<u>486,769</u>
Association		
Directors' Remuneration	264,275	234,704
Auditors remuneration – audit services	13,728	16,744
Other bodies relating to Baker Tilly UK Audit LLP	9,972	9,230
Operating leases	24,944	23,137
Depreciation	<u>486,196</u>	<u>450,609</u>

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2014

6. Taxation (Group)	2014	2013
	£	£
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	619,260
Expenses not deductible for tax purposes	-	-
Surplus from charitable activities exempt from tax	-	(616,018)
Unrelieved tax losses and other deductions	-	(4,748)
Other timing differences	-	-
Capital allowances in excess of depreciation	-	1,506
Current tax charge for the period	8,807	-
7. Revenue Reserve	2014	2013
		Restated
Group	£	£
At 1 April as originally reported	3,129,685	3,076,070
Prior Period Adjustment	320,000	-
At 1 April restated	3,449,685	3,076,070
Surplus for the year	549,872	2,566,253
Actuarial gain/(loss) on pension scheme	536,000	(151,000)
Transfer to Pension Reserve (note 7a)	(520,000)	165,000
Transfer to designated reserves (note 8)	(387,854)	(2,206,638)
At 31 March	3,627,703	3,449,685
	2014	2013
		Restated
Association	£	£
At 1 April as originally reported	3,211,961	3,083,100
Prior Period Adjustment	320,000	-
At 1 April restated	3,531,961	3,083,100
Surplus for the year	198,505	434,861
Actuarial gain/(loss) on pension scheme (note 16)	536,000	(151,000)
Transfer (to)/from Pension Reserve (note 7a)	(520,000)	165,000
Transfer to designated reserves (note 8)	-	-
At 31 March	3,746,466	3,531,961

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2014

7a. Defined Benefit Pension Scheme Reserve	2014	2013
		Restated
Group and Association	£	£
At 1 April as originally reported	-	(886,000)
Prior Period Adjustment	(1,051,000)	-
At 1 April restated	(1,051,000)	(886,000)
Transfer from/(to) Revenue Reserve (note 7)	520,000	(165,000)
At 31 March	(531,000)	(1,051,000)

8. Designated Reserve	Pension Reserve	Moray Housing Partnership	Total
	£	£	£
Group			
At 1 April 2013 as originally reported	320,000	2,206,638	2,526,638
Prior Period Adjustment	(320,000)	-	(320,000)
At 1 April 2013 restated	-	2,206,638	2,206,638
Transfer from revenue reserves	-	387,854	387,854
Release of share capital	-	(3)	(3)
At 31 March 2014	-	2,594,489	2,594,489
Association			
At 1 April 2013 as originally reported	320,000	-	320,000
Prior Period Adjustment	(320,000)	-	(320,000)
At 1 April 2013 restated	-	-	-
Transfer from revenue reserves	-	-	-
At 31 March 2014	-	-	-

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 £107,420 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 2014

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

	Housing Properties under construction	Housing Properties held for letting	Total
Cost	£	£	£
At 1 April 2013	288,003	108,086,570	108,374,573
Additions during year	-	492,182	492,182
Disposals during year	-	(54,633)	(54,633)
At 31 March 2014	288,003	108,524,119	108,812,122
HAG Grants received			
At 1 April 2013	-	(59,555,277)	(59,555,277)
Received during year	-	-	-
Disposals during year	-	299,748	299,748
At 31 March 2013	-	(59,255,529)	(59,255,529)
Other Grants received			
At 1 April 2013	-	(6,457,367)	(6,457,367)
Received during year	-	-	-
Disposals during year	-	10,320	10,320
At 31 March 2014	-	(6,447,047)	(6,447,047)
Depreciation			
At 1 April 2013	-	(3,081,027)	(3,081,027)
Charge for year	-	(536,543)	(536,543)
Disposals for year	-	7,986	7,986
At 31 March 2014	-	(3,609,584)	(3,609,584)
Net Book Value			
At 31 March 2014	288,003	39,211,959	39,499,962
At 31 March 2013	288,003	38,992,899	39,280,902

Interest of £nil (2013: £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 2014

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

	Housing Properties under construction	Housing Properties held for letting	Total
	£	£	£
Cost			
At 1 April 2013	-	71,852,409	71,852,409
Additions during year	-	426,309	426,309
Disposals during year	-	(42,120)	(42,120)
Transfers to Completed Schemes	-	-	-
At 31 March 2014	-	72,236,598	72,236,598
HAG Grants received			
At 1 April 2013	-	(40,692,225)	(40,692,225)
Received during year	-	-	-
Disposals during year	-	299,748	299,748
Transfers to Completed Schemes	-	-	-
At 31 March 2014	-	(40,392,477)	(40,392,477)
Other Grants received			
At 1 April 2013	-	(403,923)	(403,923)
Received during year	-	-	-
Transfers to Completed Schemes	-	-	-
At 31 March 2014	-	(403,923)	(403,923)
Depreciation			
At 1 April 2013	-	(2,383,548)	(2,383,548)
Charge for year	-	(428,740)	(428,740)
Disposals during year	-	5,794	5,794
At 31 March 2014	-	(2,806,494)	(2,806,494)
Net Book Value			
At 31 March 2014	-	28,633,704	28,633,704
At 31 March 2013	-	28,372,713	28,372,713

Interest of £nil (2013: £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 2014

9c.) Fixed Asset Disclosure	Year ended 31 March 2014	Year ended 31 March 2013
	£	£
Association		
Major repairs expensed	40,906	-
Replacement of components	424,745	757,806
Total	<u>465,651</u>	<u>757,806</u>

A revaluation of the Association's housing properties based on existing use was carried out as at 31st March 2012 by DTZ, the result of the valuation being £34,265,000 against a net book value of £28,633,704 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 2014

9d.) Other Tangible Fixed Assets (Group)

	Computer Equip	Motor Vehicles	IT Software	Furniture, Fittings & Equip	Office Property	Total
	£	£	£	£	£	£
Cost						
At 1 April 2013	285,432	29,017	208,568	48,439	1,796,758	2,368,214
Transfer	5,506				(5,506)	-
Additions during year	23,651	14,529	32,206	264		70,650
Disposals during year	(4,805)	-	-	-	-	(4,805)
At 31 March 2014	309,784	43,546	240,774	48,703	1,791,252	2,434,059
Depreciation						
At 1 April 2013	187,757	11,235	-	39,278	45,198	283,468
Transfer	1,746	-	-	(1,746)	-	-
Charge for the year	22,700	6,084	29,098	5,080	24,031	86,993
Disposals during year	(3,873)	-	-	-	-	(3,873)
At 31 March 2014	208,330	17,319	29,098	42,612	69,229	366,588
Other Grant						
At 1 April 2013	-	-	-	-	12,483	12,483
Amortisation	-	-	-	-	(142)	(142)
At 31 March 2014	-	-	-	-	12,341	12,341
Net Book Value						
At 31 March 2014	101,454	26,227	211,676	6,091	1,709,682	2,055,130
At 31 March 2013	97,675	17,782	208,568	9,161	1,739,077	2,072,263

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2014

9e.) Other Tangible Fixed Assets (Association)

	Computer & Office Equip £	Motor Vehicles £	IT Software £	Furniture, Fittings & Equip £	Office Property £	Total £
Cost						
At 1 April 2013	99,120	-	208,568	48,439	1,305,760	1,661,887
Transfer	5,506	-	-	-	(5,506)	-
Additions during year	23,651	-	-	264	-	23,915
Disposals during year	(4,805)	-	-	-	-	(4,805)
At 31 March 2014	123,472	-	208,568	48,703	1,300,254	1,680,997
Depreciation						
At 1 April 2013	72,350	-	-	39,278	18,537	130,165
Transfer	1,746	-	-	(1,746)	-	-
Charge for the year	12,943	-	20,858	5,080	18,575	57,456
Disposals during year	(3,873)	-	-	-	-	(3,873)
At 31 March 2014	83,166	-	20,858	42,612	37,112	183,748
Net Book Value						
At 31 March 2014	40,306	-	187,710	6,091	1,263,142	1,497,249
At 31 March 2013	26,770	-	208,568	9,161	1,287,223	1,531,722

Rental income of £65,723 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 (2013: £1,305,760) with accumulated depreciation as at 31 March 2014 of £37,112 (2013: £18,537).

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2014

10. Investment	2014	2013
	£	£
Association		
Shares in unlisted subsidiary companies at cost	<u>101</u>	<u>101</u>

The subsidiary companies at 31st March 2014 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 2014 are as follows:

Results for the year after Taxation	<u>387,854</u>	<u>192,448</u>
Net Assets	<u>2,594,489</u>	<u>2,206,638</u>

The Moray Housing Partnership also has an unconsolidated subsidiary, MHP ES Ltd; It has ceased operations during the year. Its results for the year ended 31 March 2014 were:

Results for the period after Taxation	<u>(19,065)</u>	<u>(55,173)</u>
Net Assets	<u>(110,423)</u>	<u>(91,355)</u>

The results of AHP Developments for the year ended 31 March 2014 are as follows:

Results for the period after Taxation	<u>35,228</u>	<u>13,509</u>
Net Liabilities	<u>(118,661)</u>	<u>(153,889)</u>

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2014

11. Debtors	2014	2013
	£	£
Group		
Amounts falling due within one year		
Gross rents in arrears	387,749	394,191
Less: bad debt provision	(253,450)	(255,534)
	<u>134,299</u>	<u>138,657</u>
HAG receivable	-	368,651
Other debtors and prepayments	273,189	205,432
	<u>407,488</u>	<u>712,740</u>
Association		
Amounts falling due within one year		
Gross rents in arrears	270,500	278,294
Less: bad debt provision	(177,324)	(181,080)
	<u>93,176</u>	<u>97,214</u>
HAG receivable	-	368,651
Other debtors and prepayments	225,413	148,985
Intercompany debtor	89,081	128,953
Loan to Moray Housing Partnership	125,000	250,000
	<u>532,670</u>	<u>993,803</u>
Amounts falling due in 2-5 years		
Loan to Moray Housing Partnership	125,000	-
Intercompany debtor	75,826	71,716
Less Provision	-	(71,716)
	<u>200,826</u>	<u>-</u>
	<u>733,496</u>	<u>993,803</u>

The Association's debtor of £250,000 to Moray Housing Partnership, on which interest is charged at 4%, remains outstanding. Interest receivable of £10,000 (2013: £7,452) has been recognised by the Association in relation to this in the year. Per the terms of the loan agreement the debt was repayable by August 2013. However, it has been formally agreed by all parties that the loan will be repayable in two equal instalments of £125,000 in 2014/15 and 2015/16.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2014

12. Creditors due within one year	2014	2013
	£	£
Group		
Loans (Note 13)	364,005	354,383
Retentions unpaid	132,500	143,955
Prepaid rent	150,834	131,812
Accruals	553,122	505,259
Other Tax and Social Security	37,015	26,693
Trade Creditors	269,573	112,319
Other Creditors	130,007	10,843
	<u>1,637,056</u>	<u>1,285,264</u>
Association		
Loans (Note 13)	100,000	100,000
Retentions Unpaid	12,200	23,655
Prepaid Rent	114,885	100,107
Accruals	482,492	452,533
Other Tax and Social Security	19,803	19,579
Trade Creditors	259,535	108,708
Other Creditors	102,910	15,132
	<u>1,091,825</u>	<u>819,714</u>

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2014

13. Creditors due out with one year	2014	2013
	£	£
Group		
Loans	36,191,262	36,451,630
Capitalised facility fee	(98,018)	(102,679)
HAG Payable	293,944	-
	<u>36,387,188</u>	<u>36,348,951</u>
Association		
Loans	27,343,498	27,343,498
Capitalised facility fee	(81,348)	(85,176)
HAG Payable	293,944	-
	<u>27,556,094</u>	<u>27,258,322</u>

Loans from private funding amounting to £23,600,000 (2013 - £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. £11,000,000 of these loans is repayable in full in 2035 and is at an interest rate of 6.17%. £100,000 is repayable within three months of the year end. 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.

	2014	2013
	£	£
Group		
Less than one year (note 13)	364,005	354,383
Between one and two years	274,136	264,144
Between two and five year	887,685	854,820
In five years or more	35,029,441	35,332,666
	<u>36,555,267</u>	<u>36,806,013</u>
Association		
Less than one year (note 13)	100,000	100,000
Between one and two years	-	-
Between two and five year	-	-
In five years or more	27,343,498	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 2014

14a. Employees	2014	2013
Group	£	£
Wages and salaries	1,049,481	819,879
Social Security costs	87,795	66,609
Other Pension costs	328,487	123,393
	<u>1,465,763</u>	<u>1,009,881</u>

The average full time equivalent number of persons employed by the Group during the year were as follows:	31	34
---	----	----

Housing Management	18	23
Corporate	2	1
Business Support	11	10
	<u>31</u>	<u>34</u>

Association		
Wages and salaries	850,985	734,947
Social Security costs	68,271	58,323
Other Pension costs	268,731	113,035
	<u>1,187,987</u>	<u>906,305</u>

The average full time equivalent number of persons employed by the Partnership during the year were as follows:	23	20
---	----	----

Housing Management	11	9
Corporate	2	1
Business Support	10	10
	<u>23</u>	<u>20</u>

During the year £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 £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 £182,845 (2013 - £38,340) that were recharged to Moray Housing Partnership.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2014

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.

	2014	2013
	£	£
Group and Association		
Aggregate emoluments payable to Directors (excluding pension contributions)	206,096	78,125
Pension contributions	57,368	14,765
	<u>263,464</u>	<u>92,890</u>
Emoluments paid to Highest Paid Director (excluding pension contributions)	64,909	78,125
Pension contributions	30,745	14,765
	<u>95,654</u>	<u>92,890</u>

The Chief Executive is a member of the LGPS defined benefit scheme as disclosed in note 16.

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

	2014	2013
	No	No
Group and Association		
£70,001 - £80,000	1	-
£80,001 - £90,000	-	-
£90,001 - £100,000	2	1

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2014

14b. Employees (continued)	2014	2013
	£	£
Group		
Total expenses reimbursed to members of the Board in so far as not chargeable to UK income tax	<u>8,049</u>	<u>4,854</u>
Association		
Total expenses reimbursed to members of the Board in so far as not chargeable to UK income tax	<u>7,053</u>	<u>4,854</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 2012 on the actuarial valuation of the Scheme as at 31 March 2011. The valuation showed that the overall funding position of the Scheme as a whole was 85%, the deficit being £294.4 million. The actuary has recommended minimum future employer contributions for the year to 31 March 2015 of 18.8% of total pensionable pay, with an estimated employer contribution for 2014/15 of £129,000.

The next actuarial valuation of the North East Scotland Pension Fund is being carried out with an effective date of 31 March 2014.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2014

15. Pensions (continued)

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

	31 March 2014	31 March 2013
	£	£
Current Service Cost	(165,000)	(127,000)
Interest on pension liabilities	(184,000)	(178,000)
Expected return on assets	203,000	168,000
Past Service Cost	-	-
Losses/(Gains) on Curtailments and Settlements	-	-
Total	(146,000)	(137,000)
Actual Return on Plan Assets	459,000	339,000

The amounts recognised in the Balance Sheet are as follows:

	31 March 2014	31 March 2013
	£	£
Estimated Employer Assets	3,675,000	3,286,000
Present value of Scheme Liabilities	(4,206,000)	(4,337,000)
Net Pension (Liability)	(531,000)	(1,051,000)

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

	31 March 2014	31 March 2013
	£	£
Actuarial gains on scheme assets	136,000	291,000
Actuarial gains/(losses) on scheme liabilities	538,000	(442,000)
Changes in assumptions underlying present value of scheme liabilities	(138,000)	-
Net Actuarial gain/(loss)	536,000	(151,000)

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2014

15. Pensions (continued)

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

	31 March 2014	31 March 2013
	£	£
Opening defined benefit obligation	4,337,000	3,569,000
Current service cost	165,000	127,000
Interest on pension liabilities	184,000	178,000
Member contributions	46,000	44,000
Past Service Cost	-	-
Actuarial (gains)/losses on liabilities	(538,000)	442,000
Curtailments	138,000	-
Settlements	-	-
Benefits/transfers	(126,000)	(23,000)
Business combinations	-	-
Closing defined benefit obligation	<u>4,206,000</u>	<u>4,337,000</u>

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

	31 March 2014	31 March 2013
	£	£
Opening fair value of plan assets	3,286,000	2,683,000
Expected return on plan assets	203,000	168,000
Actuarial gains/(losses) on assets	136,000	261,000
Business combinations	-	-
Settlements	-	-
Employer contributions	130,000	123,000
Member contributions	46,000	44,000
Benefits/transfers paid	(126,000)	(23,000)
Closing fair value of plan assets	<u>3,675,000</u>	<u>3,256,000</u>

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2014

15. Pensions (continued)

Principal actuarial assumptions at the balance sheet date:

	31 March 2014	31 March 2013	31 March 2012
	% p.a.	% p.a.	% p.a.
Price increases	2.2%	2.4%	2.5%
Salary increases	3.2%	4.15%	4.25%
Pension increases	2.2%	2.4%	2.5%
Discount Rate	4.5%	4.2%	4.9%

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 2014		As at 31 March 2013		As at 31 March 2012	
	% p.a.	£000s	% p.a.	£000s	% p.a.	£000s
Equities	7.0%	3,076	7.0%	2,615	7.0%	2,186
Gov. Bonds	3.4%	235	2.8%	227	3.1%	188
Other Bonds	4.3%	81	3.9%	79	4.1%	78
Property	6.2%	213	5.7%	171	6.0%	172
Cash	0.5%	70	0.5%	43	0.5%	59
Other	7.0%	-	7.0%	151	7.0%	-
Total	6.2%	3,675	6.14%	3,286	6.10%	2,683

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2014

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 2013. 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 £470 million and indicated a decrease in the shortfall of assets compared to liabilities to approximately £272 million, equivalent to a past service funding level of 63.0%.

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 2014

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 elected to operate the final salary with a 1/60th accrual rate benefit option for active members as at 31st March 2014.

During the accounting period The Moray Housing Partnership paid contributions at the rate of 9.6% of pensionable salaries for future service. Member contributions were paid at a rate of 9.6% for future service.

As at the balance sheet date there were 4 active members of the Scheme employed by The Partnership. The annual pensionable payroll in respect of these members was £134,523.

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 2014

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 2013. As of this date the estimated employer debt for The Moray Housing Partnership was £296,683.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2014

16a. Notes to the Cash Flow Statement (Group) **2014** **2013**

	£	£
(a) Reconciliation of surplus to net cash flow from operating activities		
Operating surplus for year	2,313,831	1,887,705
Depreciation	623,536	486,769
Amortise facility fee	4,661	(2,283)
Loss on disposal	-	2,527
(Decrease) in debtors	(63,399)	(8,006)
Increase in creditors	339,164	113,236
Net cash inflow from operating activities	<u>3,217,793</u>	<u>2,479,969</u>

Reconciliation of net cash flow to movement in net debt

(b)			
Increase in cash for year	1,059,223	38,343	
Loan Movement	250,746	63,329	
Transfer from new subsidiary at 31 Dec 2012	-	(9,090,196)	
	<u>1,309,969</u>	<u>(8,988,524)</u>	
Net debt as at 1 April	<u>(35,581,380)</u>	<u>(26,592,856)</u>	
Net debt as at 31 March	<u>(34,271,411)</u>	<u>(35,581,380)</u>	

(c) Analysis of Changes in net debt

	As at 1 April 2013 £	Cash flow £	As at 31 March 2014 £
Cash at bank and in hand	1,224,633	1,059,223	2,283,856
Debt due in less than one year	(354,383)	(9,622)	(364,005)
Debt due after one year	(36,451,630)	260,368	(36,191,262)
	<u>(35,581,380)</u>	<u>1,309,969</u>	<u>(34,271,411)</u>

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2014

16b. Notes to the Cash Flow Statement (Association)		2014	2013
		£	£
(a)	Reconciliation of surplus to net cash flow from operating activities		
	Operating surplus for year	1,589,329	1,824,409
	Depreciation	486,196	450,609
	Amortise facility fee	3,828	2,876
	(Increase) in debtors	(108,344)	(508,508)
	Increase in creditors	272,919	32,550
	Net cash inflow from operating activities	<u>2,243,928</u>	<u>1,801,936</u>
(b)	Reconciliation of net cash flow to movement in net debt		
	Increase/(decrease) in cash for year	818,177	(40,615)
	Change in net debt	-	-
		<u>818,177</u>	<u>(40,615)</u>
	Net debt as at 1 April	<u>(26,725,848)</u>	<u>(26,685,233)</u>
	Net debt as at 31 March	<u>(25,907,671)</u>	<u>(26,725,848)</u>
(c)	Analysis of Changes in net debt		
	As at 1 April 2013	Cash flow	As at 31 March 2014
	£	£	£
	Cash at bank and in hand	818,177	1,529,835
	Debt due in less than one year	-	(100,000)
	Debt due after one year	-	(27,337,506)
		<u>818,177</u>	<u>(25,907,671)</u>

ABERDEENSHIRE HOUSING PARTNERSHIP
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NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2014

17. Capital Commitments – Group and Association	2014	2013
	£	£
Development	-	-
Office	-	-
Expenditure authorised by the Board of Management	-	-
contracted less certified	-	-

18. Contingent Liabilities – Group and 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 2014 was £5,807 (2013: £5,812).

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2014

19. Housing Stock – Group and Association

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

	2014	2013
	No	No
General Needs	939	939
Shared Ownership (LIFT properties)	29	29
Factoring (Owner Occupiers)	58	58
Mid-Market	8	8
General Needs from Group	488	488
Total units in management	<u>1,522</u>	<u>1,522</u>

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

	2014	2013
	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 2014

20. Leasing Commitments – Group and Association

At 31 March 2014 the Group and Association had annual commitments under non-cancellable operating leases as detailed below:

	Plant & Machinery		Land and Buildings	
	2014	2013	2014	2013
	£	£	£	£
Group				
Operating leases which expire:				
Within one year	11,970	22,023	-	-
Within two to five years	35,787	47,555	-	-
After five years	-	-	-	-
	<u>47,757</u>	<u>69,578</u>	<u>-</u>	<u>-</u>

	Plant & Machinery		Land and Buildings	
	2014	2013	2014	2013
	£	£	£	£
Association				
Operating leases which expire:				
Within one year	11,970	15,862	-	-
Within two to five years	28,911	32,973	-	-
After five years	-	-	-	-
	<u>40,881</u>	<u>48,835</u>	<u>-</u>	<u>-</u>

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2014

21. Related Party Transactions

AHP Developments Limited incurred in total £nil (2013: £nil) of costs for properties under construction on behalf of Aberdeenshire Housing Partnership.

In addition, during the year Aberdeenshire Housing Partnership recharged £7,968 (2013: £7,968) of expenses relating to AHP Developments Limited and £17,000 (2013: £17,000) in relation to the lease of housing stock on operating leases. The balance due from AHP Developments at the year-end was £82,068 (2013: £92,388). Aberdeenshire Housing Partnership has recorded a provision at year end of £nil (2013: £71,716) against this intercompany debtor.

In addition, AHP Developments Limited received £nil (2013: £nil) from Aberdeenshire Housing Partnership in respect of development services provided in the period.

Aberdeenshire Housing Partnership charged Moray Housing Partnership interest on a loan of £10,000 (2013: £7,452). In addition, management charges during the same period amounted to £182,845 and costs incurred on behalf of Moray Housing Partnership amounted to £155,446. The total amount due at the year-end was £82,068.

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.

23. Ultimate controlling party

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

24. Members' Guarantee

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

Membership at 31 March 2014 totalled 11 (2013: 11).

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2014

25. Prior Period Adjustment

Aberdeenshire Housing Partnership participates in the North East Scotland Pension Fund, a multi-employer defined benefit scheme based on final pensionable salary. Historically this scheme has been accounted for as a defined contribution scheme under FRS17 as it was understood that Aberdeenshire Housing Partnership was unable to identify its relevant share of the underlying assets and liabilities as part of the triennial actuarial valuation, due to these not be separately identifiable between the various employers participating in the scheme. However, in the current year it was identified that an individual FRS17 calculation could be provided for Aberdeenshire Housing Partnership, allowing for the Fund to be accounted for as a defined benefit scheme under FRS17. This represents a fundamental error in the prior period and therefore a prior period adjustment has been processed through the financial statements utilising FRS17 fund valuations prepared by qualified actuaries for the years ended 31 March 2012, 2013 and 2014.

The effect of this change in accounting policy on the 31 March 2013 financial statements is shown below. 31 March 2013 opening reserves have been decreased by £886,000 relating to the introduction of a pension liability for Aberdeenshire Housing Partnerships share of the North East Pension Funds' net deficit as at 31 March 2012.

The effect of this change on the comparative year's figures of 2013 (Group and Association) has been to:

	£
Increase operating costs	(4,000)
Increase interest payable	(10,000)
Decrease in the surplus for the year	<u>(14,000)</u>

In summary the overall effect upon the balance sheet at 31 March 2013 (Group and Association) has been to:

	£
Increase pension liability	(1,051,000)
Net movement in the balance sheet	<u>(1,051,000)</u>

The effect of this change in accounting policy on the 31 March 2014 results (Group and Association) has been to decrease the surplus by £16,000.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2014

The following pages do not form part of the financial statements which are the subject of the auditors' report on pages 15 –16.

ABERDEENSHIRE HOUSING PARTNERSHIP
(Company Limited by Guarantee)

DETAILED INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2014

	Year ended 31 March 2014	Year ended 31 March 2013
	£	£
Receipts		
Rental Income	6,472,729	4,784,857
Less: Void rents	<u>(10,823)</u>	<u>(30,586)</u>
	6,461,906	4,754,271
 Sale proceeds - housing properties	 -	 -
Other income	<u>244,220</u>	<u>189,588</u>
	6,706,126	4,943,859
 Housing Management		
Housing salaries	448,032	265,817
Pension	73,483	50,128
Staff Travel	37,415	23,448
Staff Training/Development	6,998	3,138
Property Insurance	64,064	38,583
Reactive Maintenance	626,869	402,232
Planned & Cyclical Maintenance	82,064	11,460
Voids Maintenance	106,373	80,198
Adaptations	58,636	37,754
Decoration Allowances	5,759	4,432
SHQS delivery costs	-	-
Rent collection costs	39,541	16,493
Servicing	122,256	80,262
Recoverable Service Costs	198,644	106,984
Tenant Participation/Newsletter	12,471	9,870
Compensation	4,132	1,357
Bad Debts	154,691	223,526
Depreciation	-	-
Loss on asset disposal	667	-
Depreciation of housing properties	<u>536,543</u>	<u>418,960</u>
	<u>(2,578,638)</u>	<u>(1,774,642)</u>
 Carried forward	 4,127,488	 3,169,217

ABERDEENSHIRE HOUSING PARTNERSHIP
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DETAILED INCOME AND EXPENDITURE ACCOUNT (continued)
FOR THE YEAR ENDED 31 MARCH 2014

	Year ended 31 March 2014	Year ended 31 March 2013
	£	£
Brought forward	4,127,488	3,169,217
Administration costs		
Cost of sales - housing properties	-	-
Salaries	714,245	516,483
Development salary costs capitalised	-	-
Pensions	230,003	76,209
FRS 17 Adjustment	35,000	4,000
Staff Travel	41,311	29,710
Staff Training/Development	4,995	4,700
Insurance	20,510	24,432
Office costs	80,011	63,787
Printing, postage & stationery	21,023	10,529
Telephone - office	10,120	9,976
- mobile	5,475	6,393
Promotion and publicity	3,005	5,860
Professional fees	206,776	174,748
Computer costs	61,322	42,745
Depreciation	86,851	70,208
Subscriptions and donations	16,609	19,658
Board expenses	8,049	5,280
Sundries	12,144	25,108
VAT	265,112	179,325
Training staff/board	3,837	2,197
	(1,826,398)	(1,271,348)
	2,301,090	1,897,869
Gain on acquisition of subsidiary	-	2,162,888
Bank interest received	-	4,986
	2,301,090	4,065,743
Bank interest paid	1,739,152	1,475,326
Net pension finance (gain)/loss	(19,000)	10,000
Bank charges	22,259	14,164
Corporation Tax	8,807	-
	(1,751,218)	(1,499,490)
	549,872	2,566,253
Capitalised interest	-	-
Net surplus for the year	549,872	2,566,253