

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
PARTNERSHIP)
(Company Limited by Guarantee)**

**CONSOLIDATED
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2016

Registered in Scotland

Company Number: SC198586

Registered Social Landlord Number: 312

Scottish Registered Charity Number: SC029461

**RSM UK AUDIT LLP
Chartered Accountants
Edinburgh**

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
PARTNERSHIP)
(Company Limited by Guarantee)**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2016

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Registration Particulars:

Company Number	SC198586
Charity Number	SC029461
RSL Number	312

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
PARTNERSHIP)**

(Company Limited by Guarantee)

OFFICERS AND PROFESSIONAL ADVISERS

31 MARCH 2016

Osprey Housing Limited Board of Directors

William Chapman, Chair
Michael Scott, Vice Chair
Stuart Robertson
Robert Hepburn
Carl Nelson
Hazel L. Smith
Brian A. Topping
Jonathan Young
Kate Darbyshire
Douglas Bodie
Jill Malcolmson

MHP Committee of Management

Leslie Allan, Chair
Barry Jarvis, Vice Chair
Sandra Dow (resigned 23.09.2015)
Robert Hepburn
Hazel L. Smith
Michael Scott
Frieda Johnstone (resigned 30.10.2015)
Gary Souter (resigned 12.08.2015)
William Chapman
Brian A. Topping
Stephen Christie (appointed 11.11.2015)
Patsy Gowans (appointed 12.02.2016)

Osprey Initiatives Board of Directors

Stuart Robertson, Chair
Douglas Bodie, Vice Chair
Robert Hepburn
Glenn Adcook
Colin Hawkins
William Chapman (resigned 23.09.2015)

Executive Officers

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

Registered Office

13 Queens Road
Aberdeen
AB15 4YL

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
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OFFICERS AND PROFESSIONAL ADVISERS

**31 MARCH 2016
(Continued)**

Bankers

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

Bank of Scotland
90 High Street
Elgin
IV30 1BJ

Nationwide
Caledonia House
Carnegie Avenue
Dunfermline
KY11 8PJ

Company Secretary

Pinsent Masons Secretarial Limited

Solicitors

Pinsent Masons
13 Queens Road
Aberdeen
AB15 4YL

Peterkins
60 Market Place
Inverurie
AB51 3XN

Auditors

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

Internal Auditors

Scott Moncrieff
25 Bothwell Street
Glasgow
G2 6NL

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
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(Company Limited by Guarantee)

REPORT OF THE BOARD (incorporating STRATEGIC REPORT)

31 MARCH 2016

The Board present their report and audited financial statements for the year ended 31 March 2016.

Aberdeenshire Housing Partnership changed its name to Osprey Housing Limited (OHL) to better reflect the Group and Association's ambitions and common purpose.

Legal structure

Osprey Housing Limited (formerly 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 Articles which have been aligned with the SFHA model rules (Scotland) 2015. Osprey Housing Limited (OHL) became a registered Scottish Charity (Charity No SC029461) in October 1999.

Osprey Housing Limited established a wholly owned trading subsidiary on 4 March 2008, Osprey Initiatives Limited (formerly AHP Developments Limited (AHPD)). 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 Osprey Initiatives Limited (OIL) 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 and most recently LAR Housing Trust (LAR). OIL also provides full and comprehensive services to a small, Aberdeen based, RSL. OIL has acted as a development agent for OHL.

In January 2013, following approval by the Scottish Housing Regulator, OHL entered into a constitutional partnership with Moray Housing Partnership (MHP). The constitutional partnership is supported by contractual agreements between OHL and MHP and the rules of MHP have been amended to allow OHL to acquire a controlling share in MHP. These financial statements include the consolidated results of OHL, OIL and MHP.

Charitable Status

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

Principal activity

The principal activity of OHL is providing, constructing, improving or managing, or encouraging or facilitating the provision, construction, improvement or management of affordable housing for persons in necessitous circumstances.

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

31 MARCH 2016

Principal activity (continued)

As at 31 March 2016, OHL owned 926 properties (940 tenancies) throughout Aberdeenshire, 196 of these were built as a consequence of the development programme approved by the Scottish Office in 1999 as a result of the New Housing Partnership award to Aberdeenshire Council and 300 (one of which were sold this year) were transferred by Aberdeenshire Council to OHL through trickle transfer of casual vacant houses. The remaining 430 properties were developed over more recent years. A further 8 units are owned and leased to OHL's trading subsidiary OIL for letting as Mid-Market rental units in Aberdeen. In addition OHL factors 29 shared ownership units and 20 owner occupied units.

The partnership with MHP brings a further 488 general housing units and 20 stand alone garages into the group stock profile, giving a total for the group of 1,471.

The principal activity is supported by the current Strategic Plan which covers the period 2009-2015. A major review of the Plan is being finalised and a new Corporate Plan will be approved by the Board in 2016/17.

The Boards and Executive Officers

The Board and Executive Officers of OHL, OIL and Committee of Management of MHP are listed on page 3.

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

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

Housing - Landlord Performance, Tenant Engagement and Asset Management.

Resource & Governance – Risk Strategy, External/Internal Audit arrangements, Budget review, Financial Projections and Group Governance arrangements.

Corporate Services – Staffing & HR, ICT, Communication Strategy, etc.

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

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

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

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

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
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**REPORT OF THE BOARD (incorporating STRATEGIC REPORT)
(Continued)**

31 MARCH 2016

Risks and uncertainties

OHL, OIL and MHP have developed a detailed Strategic Risk Matrix, which highlights key risks to the Society. This together with a range of policies and procedures and comprehensive insurances make up its Risk Management Strategy.

It is reviewed biannually by the OHL Board following initial review by the MHP Committee of Management and the three joint committees with delegated authority.

The 6 key strategic risks have been identified as Welfare Reform, Financial Viability, Asset Management, Housing Management, Governance and Corporate.

Each strategic risk is broken down into core subsections with assigned ownership and mitigation strategies.

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.

The decision to re-engage with the development of new affordable housing taken by the governing bodies of both OHL and MHP brings attendant risk and a comprehensive risk assessment is in place incorporating strategic, financial and operational matters.

Overview of Activities and Performance

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

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

and

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
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**REPORT OF THE BOARD (incorporating STRATEGIC REPORT)
(Continued)**

31 MARCH 2016

Overview of Activities and Performance (continued)

Core Values:

AMBITION – empowering through innovation and challenge.

(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 Associations 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.

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
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**REPORT OF THE BOARD (incorporating STRATEGIC REPORT)
(Continued)**

31 MARCH 2016

Overview of Activities and Performance (continued)

The OHL Board was generally pleased with the progress made during the year. Good performance in respect of many of the Group's KPIs was achieved and this was particularly satisfying as the benefits to tenants of the constitutional partnership become more embedded. Overall financial targets were exceeded and the Group returned a healthy surplus. Following a detailed review, budgets have been adjusted for future years and 30 year projections for the Group are being finalised for final consideration by the OHL Board in Quarter 2 of 2016/17.

Sufficient funds were set aside to deliver the Scottish Housing Quality Standards Delivery Plan and significant progress was made up to March 2016, the deadline for completion set by the Scottish Government.

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 Tenants' Scrutiny Panel to ensure further improvements are made in accordance with tenant and stakeholder expectations.

KPI OHL	Target 2015/2016	Actual 2015/2016	Target 2016/2017
Current rent arrears	2.8%	2.8%	2.7%
Former rent arrears	1.2%	0.7%	1.0%
Void loss	0.6%	0.3%	0.5%
Void performance	10 working days	15 working days	10 working days
Board & Committee attendance	80%	78%	80%
Staff attendance	98%	98%	98%

KPI MHP	Target 2015/2016	Actual 2015/2016	Target 2016/2017
Current rent arrears	1.7%	1.5%	1.5%
Former rent arrears	1.2%	1.1%	1.0%
Void loss	0.4%	0.4%	0.5%
Void performance	10 working days	26 working days	10 working days
Board & Committee attendance	80%	70%	80%
Staff attendance	98%	94%	98%

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
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**REPORT OF THE BOARD (incorporating STRATEGIC REPORT)
(Continued)**

31 MARCH 2016

Review of Operations

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

The Housing Management team's focus on the management of rent arrears and on mitigating the impact of Welfare Reform has been very successful to date. Although void performance targets have not been met in the year this is an area that has been targeted for improvement.

The major downturn in the oil & gas industry has impacted significantly on the economy of the North East of Scotland and beyond. The impact on the Group to date has been marginal with rent arrears and void loss being maintained within target. The continuing difficulties in the industry coupled with political uncertainties within a National, UK and European context will be kept under review.

The financial statements reflect the introduction of Financial Reporting Standard 102 ('FRS 102') and the Statement of Recommended Practice for registered social landlords 2014 for the first time. Comparative figures have been updated accordingly. See note 26 to the financial statements for further detail.

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

Group turnover for the year increased to £8.3m (2015: £8.1m), whilst operating costs for the year increased to £5.1m (2015: £5.0m), resulting in a Group operating surplus of £3.2m (2015: £3.1m).

Future Developments

The Osprey Housing Group has ambitions to expand its role in the provision of social and affordable housing and is committed to working in partnership with other to achieve its development goals. To this end the Group has 4 developments on site at March 2016 with a further healthy pipeline in Aberdeen, Aberdeenshire and Moray. 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 provided to tenants.

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
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**REPORT OF THE BOARD (incorporating STRATEGIC REPORT)
(Continued)**

31 MARCH 2016

Future Developments (continued)

In addition to direct provision of new affordable housing the Group continues to provide managing agency services to the Aberdeen based National Housing Trust LLP's with the last such developments planned to come on stream in 2016/17. The provision of services to LAR represents a new opportunity for the Group as it seeks to secure more affordable units throughout the North East of Scotland and beyond. In addition both OHL and MHP are members of HARIS, a Scotland wide initiative being developed by the SFHA in partnership with the Scottish Government and the Scottish Futures Trust. This potential delivery model envisages the provision of new social rented housing supported by favourable borrowing rates, owned by HARIS but managed by local RSLs.

Treasury Management

The OHL Board considers that the Group, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2016, the Group had an appropriate mix of fixed and variable rate finance. The banking facility provided by Lloyds, revised with effect from 1st April 2010, was further revised on 5th January 2016 securing a facility of £30.9m. £22m has a fixed interest rate for the duration of the loan with a built in increase of 0.7% from 1st April 2018, £1.4m has a variable interest rate linked to 3 month LIBOR plus agreed margin and £7.5m has been secured via a 5 year Revolving Credit Facility with an interest rate linked to 3 month LIBOR plus agreed margin. MHP has a facility of £10.4m with the Nationwide Building Society which was confirmed and reapproved as part of the constitutional partnership with OHL. Further funding will be sought during 2016/17 to support MHP's planned development strategy.

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 OHL 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 Osprey Housing Group seeks to maintain its properties to the highest standard. To this end, short and medium term programmes of cyclical and planned revenue repairs are being implemented to deal with the gradual and predictable deterioration of building components. The cost of these repairs will be charged to the Statement of Comprehensive Income. In addition the Group is currently finalising a comprehensive Asset Management Strategy to deal with long term major repairs. This includes replacement of components of the properties which have come to the end of their economic lives. In line with SORP 2014, 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 Statement of Comprehensive Income.

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
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**REPORT OF THE BOARD (incorporating STRATEGIC REPORT)
(Continued)**

31 MARCH 2016

Maintenance Policies (continued)

The new Asset Management Strategy will set out the Group's plans in relation to the Energy Efficiency Standard for Social Housing (EESH) as well as its long term vision in respect of its trickle transfer properties.

Employee Involvement and Health and Safety

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

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

In addition staff have established a Colleague Council which considers and addresses a number of operational and strategic matters. Copies of the minutes of such meetings are made available to the Joint Corporate Services Committee for information.

Revenue Reserve

After reviewing day to day working capital requirements, the Board set the Group a target to ensure that it maintains free reserves of at least an amount which would allow the Group to meet its operating costs for approximately six months. At 31 March 2016, six months operating costs equate to approximately £2.5m including all repairs. This target has been met in the current financial year. Undesignated revenue reserves at 31 March 2016 are £9.2m (2015: £7.6m).

Changes in Fixed Assets

Changes in fixed assets are set out in note 10.

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
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**REPORT OF THE BOARD (incorporating STRATEGIC REPORT)
(Continued)**

31 MARCH 2016

Rent Policy

Rents for Housing developments are set by the HAG application as agreed with the Scottish Government.

Rents for existing social housing properties are set by annual review, sanctioned by governing body approval. Service charges are also reviewed annually and are set on the basis of the service being provided.

Rents for existing mid market rental properties are also set by annual review, sanctioned by governing body approval having taken account of the Local Housing Allowance (LHA). Service charges are not identified separately.

Credit Payment Policy

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

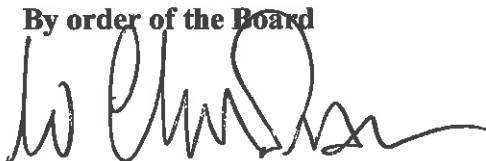
Statement as to Disclosure of Information to Auditors

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

Appointment of auditors

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

By order of the Board



Date: 31 August 2016

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
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(Company Limited by Guarantee)**

STATEMENT OF BOARD RESPONSIBILITIES

31 MARCH 2016

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and the company for that period. The directors must also satisfy themselves that the financial statements comply with The Statement of Recommended Practice Accounting by Registered Social Landlords 2014.

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 – December 2014. 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.

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
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BOARD'S STATEMENT ON INTERNAL FINANCIAL CONTROL

31 MARCH 2016

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.

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**BOARD'S STATEMENT ON INTERNAL FINANCIAL CONTROL
(Continued)**

31 MARCH 2016

The Management Team has reviewed the system of internal financial control in the Group during the year ended 31 March 2016. 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: 31 August 2016

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
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(Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE OSPREY
HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING PARTNERSHIP)
ON INTERNAL FINANCIAL CONTROLS**

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

Basis of Opinion

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

Opinion

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



JANET HAMBLIN (Senior Statutory Auditor)

For and on behalf of RSM UK AUDIT LLP (formerly Baker Tilly UK Audit LLP)

Chartered Accountants

First Floor, Quay 2

139 Fountainbridge

Edinburgh

EH3 9QG

Date: 01/09/16

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
PARTNERSHIP)**
(Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OSPREY HOUSING
LIMITED (FORMERLY ABERDEENSHIRE HOUSING PARTNERSHIP)**

We have audited the group and parent financial statements of Osprey Housing Limited (formerly Aberdeenshire Housing Partnership) (the "financial statements") on pages 20 to 73. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland".

This report is made solely to the 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 is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope 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 2016 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 – December 2014.

Opinion on other matter prescribed by the Companies Act 2006

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

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
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(Company Limited by Guarantee)

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OSPREY HOUSING
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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 RSM UK AUDIT LLP (formerly Baker Tilly UK Audit LLP)

Chartered Accountants

First Floor, Quay 2

139 Fountainbridge

Edinburgh

EH3 9QG

Date: 01/09/16

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
PARTNERSHIP)**
(Company Limited by Guarantee)

STATEMENT OF COMPREHENSIVE INCOME – GROUP
FOR THE YEAR ENDED 31 MARCH 2016

	Notes	Year ended 31 March 2016	Year ended 31 March 2015
		£	£
Turnover	2a	8,297,242	8,069,133
Less: Operating Costs	2a	(5,106,965)	(4,959,569)
Operating Surplus	2a	3,190,277	3,109,564
Surplus/(Loss) on disposal of Property		113,150	(22,314)
Interest receivable and other income		2,393	10
Interest payable and similar charges	5	(1,860,032)	(1,839,252)
Surplus before taxation	6	1,445,788	1,248,008
Taxation	8	-	-
Surplus for the year		1,445,788	1,248,008
Actuarial gain/(loss) on pension scheme	22	337,000	(762,000)
Total Comprehensive Income for the year		1,782,788	486,008

The results relate wholly to continuing activities.

The accompanying notes form part of these financial statements.

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
PARTNERSHIP)
(Company Limited by Guarantee)**

**STATEMENT OF COMPREHENSIVE INCOME – ASSOCIATION
FOR THE YEAR ENDED 31 MARCH 2016**

	Notes	Year ended 31 March 2016	Year ended 31 March 2015
		£	£
Turnover	2b	5,627,690	5,460,425
Less: Operating Costs	2b	(3,507,393)	(3,238,555)
Operating Surplus	2b	2,120,297	2,221,870
Surplus/(Loss) on disposal of Property		123,337	(13,520)
Interest receivable and other income		1,250	7,500
Interest payable and similar charges	5	(1,522,390)	(1,490,668)
Surplus for the year	6	722,494	725,182
Actuarial gain/(loss) on pension scheme	22	337,000	(762,000)
Total Comprehensive Income for the year		1,059,494	(36,818)

The results relate wholly to continuing activities.

The accompanying notes form part of these financial statements.

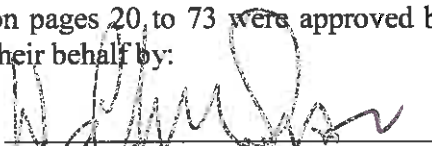
**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
PARTNERSHIP)**
(Company Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION – GROUP AS AT 31 MARCH 2016
Company Number: SC 198586

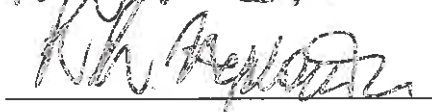
	Notes	31 March 2016 £	31 March 2015 £
Intangible Fixed Assets	9	213,166	246,714
Tangible Fixed Assets			
Housing Properties	10a	100,112,495	97,688,427
Other Fixed Assets	10d	1,686,117	1,733,149
		<u>102,011,778</u>	<u>99,688,290</u>
Current Assets			
Debtors	12	1,258,401	309,493
Cash at bank and in hand		3,311,993	3,349,411
		<u>4,570,394</u>	<u>3,658,904</u>
Creditors: amounts falling due within one year	13	<u>(3,946,330)</u>	<u>(2,987,036)</u>
Net current assets		<u>624,064</u>	<u>671,868</u>
Total assets less current liabilities		102,635,842	100,340,158
Creditors: amounts falling due after more than one year	14	(93,305,671)	(92,539,775)
Pension Provision	17	(144,000)	(153,000)
Net assets excluding pension (liability)		9,186,171	7,647,383
Defined benefit pension (liability)	22	(1,071,000)	(1,315,000)
Net Assets including pension (liability)		<u>8,115,171</u>	<u>6,332,383</u>
Capital and Reserves			
Share Capital		54	54
General Reserves		9,186,117	7,647,329
Pension Reserve		(1,071,000)	(1,315,000)
		<u>8,115,171</u>	<u>6,332,383</u>

These financial statements on pages 20 to 73 were approved by the Board and authorised for issue on 31 August 2016 and signed on their behalf by:

Board Member



Board Member



Board Member



**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
PARTNERSHIP)**

(Company Limited by Guarantee)

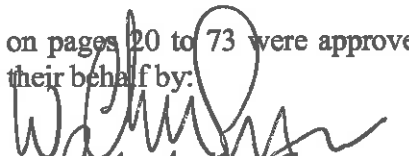
STATEMENT OF FINANCIAL POSITION – ASSOCIATION AS AT 31 MARCH 2016

Company Number: SC 198586

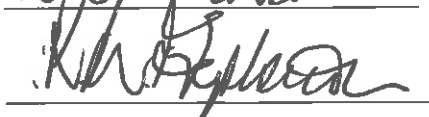
	Notes	31 March 2016 £	31 March 2015 £
Intangible Fixed Assets	9	152,230	176,453
Tangible Fixed Assets			
Housing Properties	10b	68,828,006	66,167,549
Other Fixed Assets	10c	1,235,576	1,263,191
		<u>70,063,582</u>	<u>67,430,740</u>
Fixed Asset Investments			
Investments	11	101	101
Current Assets			
Debtors	12	1,166,947	510,024
Cash at bank and in hand		2,089,644	2,224,791
		<u>3,256,591</u>	<u>2,734,815</u>
Creditors: amounts falling due within one year	13	<u>(2,987,228)</u>	<u>(1,903,001)</u>
Net current assets		<u>269,363</u>	<u>831,814</u>
Total assets less current liabilities		<u>70,485,276</u>	<u>68,439,108</u>
Creditors: amounts falling due after more than one year	14	<u>(64,777,985)</u>	<u>(63,547,311)</u>
Net assets excluding pension (liability)		<u>5,707,291</u>	<u>4,891,797</u>
Defined Benefit pension (liability)	21	<u>(1,071,000)</u>	<u>(1,315,000)</u>
Net Assets including pension (liability)		<u>4,636,291</u>	<u>3,576,797</u>
Capital and Reserves			
General Reserves		5,707,291	4,891,797
Pension Reserve		<u>(1,071,000)</u>	<u>(1,315,000)</u>
		<u>4,636,291</u>	<u>3,576,797</u>

These financial statements on pages 20 to 73 were approved by the Board and authorised for issue on 31 August 2016 and signed on their behalf by:

Board Member



Board Member



Board Member



OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING PARTNERSHIP)
(Company Limited by Guarantee)

STATEMENT OF CHANGES IN RESERVES - GROUP

FOR THE YEAR ENDED 31 MARCH 2016

	Share Capital	Income and expenditure reserve	Pension Reserve	Total
	£	£	£	£
Balance at 1 April 2014	68	6,377,320	(531,000)	5,846,388
Surplus / (deficit) for the year	-	1,248,009	-	1,248,009
Actuarial gain/(loss) on pension scheme	-	(762,000)	-	(762,000)
Transfer (to)/from pension reserve	-	784,000	(784,000)	-
Share capital issued	7	-	-	7
Share capital cancelled	(21)	-	-	(21)
Balance as at 31 March 2015	54	7,647,329	(1,315,000)	6,332,383
Surplus / (deficit) for the year	-	1,445,788	-	1,445,788
Actuarial gain/(loss) on pension scheme	-	337,000	-	337,000
Transfer (to)/from pension reserve	-	(244,000)	244,000	-
Share capital issued	3	-	-	3
Share capital cancelled	(3)	-	-	(3)
Balance at 31 March 2016	54	9,186,117	(1,071,000)	8,115,171

OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING PARTNERSHIP)
(Company Limited by Guarantee)

STATEMENT OF CHANGES IN RESERVES - ASSOCIATION

FOR THE YEAR ENDED 31 MARCH 2016

	Income and expenditure reserve £	Pension Reserve £	Total £
Balance at 1 April 2014	4,144,615	(531,000)	3,613,615
Surplus / (deficit) for the year	725,182	-	725,182
Actuarial gain/(loss) on pension scheme	(762,000)	-	(762,000)
Transfer (to)/from pension reserve	784,000	(784,000)	-
Balance as at 31 March 2015	4,891,797	(1,315,000)	3,576,797
Surplus / (deficit) for the year	722,494		722,494
Actuarial gain/(loss) on pension scheme	337,000		337,000
Transfer (to)/from pension reserve	(244,000)	244,000	-
Balance at 31 March 2016	5,707,291	(1,071,000)	4,636,291

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
PARTNERSHIP)
(Company Limited by Guarantee)**

STATEMENT OF CASHFLOWS - GROUP

YEAR TO 31 MARCH 2016

	Notes	2016 £	2015 £
Net cash generated from operating activities	18	3,760,240	4,097,632
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(3,931,267)	(952,711)
Purchase of intangible fixed assets		(1,200)	(9,599)
Proceeds from sale of tangible fixed assets		159,108	4,823
Grants received		2,355,844	37,500
Interest received		2,393	7,510
NET CASH (USED IN) INVESTING ACTIVITIES		<u>(1,415,122)</u>	<u>(912,477)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(1,860,032)	(1,820,752)
New secured loans		-	85,758
Repayments of borrowings		(522,504)	(384,606)
NET CASH (USED IN) FINANCING ACTIVITIES		<u>(2,382,536)</u>	<u>(2,119,600)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		<u>(37,418)</u>	<u>1,065,555</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>3,349,411</u>	<u>2,283,856</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u><u>3,311,993</u></u>	<u><u>3,349,411</u></u>

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
PARTNERSHIP)**

(Company Limited by Guarantee)

STATEMENT OF CASHFLOWS - ASSOCIATION

YEAR TO 31 MARCH 2016

	Notes	2016 £	2015 £
Net cash generated from operating activities	18	2,973,107	2,962,117
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(3,641,765)	(920,039)
Purchase of intangible fixed assets		(1,200)	(9,599)
Proceeds from sale of tangible fixed assets		159,108	387
Grants received		2,148,668	37,500
Interest received		1,250	7,500
NET CASH (USED IN) INVESTING ACTIVITIES		<u>(1,333,939)</u>	<u>(884,251)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(1,522,390)	(1,468,668)
Interest element of finance lease rental payments		-	-
New secured loans		-	85,758
Repayments of borrowings		(251,925)	-
NET CASH (USED IN) FINANCING ACTIVITIES		<u>(1,774,315)</u>	<u>(1,382,910)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		<u>(135,147)</u>	<u>694,956</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>2,224,791</u>	<u>1,529,835</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>2,089,644</u>	<u>2,224,791</u>

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
PARTNERSHIP)
(Company Limited by Guarantee)**

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2016

1. Accounting Policies

The Association is registered under the Companies Act 2006 and is registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010. The address of the Association's registered office and principal place of business is 13 Queens Road, Aberdeen, AB15 4YL. The Association's principal activities and the nature of the Association's operations are detailed in the report of the board.

Osprey Housing Limited (formerly Aberdeenshire Housing Partnership) is a Public Benefit Entity.

(a) Introduction and accounting basis

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2014 "Statement of Recommended Practice for Registered Housing Providers" and they comply with the Determination of Accounting Requirements 2014, and under the historical cost convention, modified to include certain financial instruments at fair value.

The financial statements are prepared in Sterling (£).

(b) Critical Accounting Estimates and Areas of Judgement

Preparation of the financial statements requires management to make critical judgements and estimates concerning the future. Estimates and judgements are continually evaluated and are based on historical experience, advice from qualified experts and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The resulting accounting estimates and assumptions will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are included below.

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
PARTNERSHIP)
(Company Limited by Guarantee)**

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2016

1. Accounting Policies (continued)

(b) Critical Accounting Estimates and Areas of Judgement (continued)

Critical accounting estimates

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the asset management projections and reactive repairs expenditure and obligations under the defined benefit pension schemes. In determining the Associations share of the underlying assets and liabilities of the North East Scotland Pension Fund, the valuation prepared by the Scheme actuary includes estimations in relation to life expectancy, salary growth, inflation and the discount rate on corporate bonds. The rate used to discount the past service deficit defined benefit obligations to their present value is based upon market yields for high quality corporate bonds with terms consistent with those of the benefit obligations. Our commitment to the SHAPS of £166k for the next 11.5 years has been discounted at a rate of 2.29% amounting to a net present value of £144k at 31 March 2016.

(c) Change in Accounting Policy

These financial statements are the first financial statements of Osprey Housing Limited (formerly Aberdeenshire Housing Partnership) prepared in accordance with Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (FRS 102). The financial statements of Osprey Housing Limited (formerly Aberdeenshire Housing Partnership) for the year ended 31 March 2015 were prepared in accordance with previous UK GAAP. Some of the FRS 102 recognition, measurement, presentation and disclosure requirements and accounting policy choices differ from previous UK GAAP.

Consequently, the directors have amended certain accounting policies to comply with FRS 102. Comparative figures have been restated to reflect the adjustments made. Reconciliations and descriptions of the effect of the transition to FRS 102 on; (i) reserves at the date of transition to FRS 102; (ii) reserves at the end of the comparative period; and (iii) income or expenditure for the comparative period reported under previous UK GAAP are given in note 26.

(d) 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.

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
PARTNERSHIP)
(Company Limited by Guarantee)**

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2016

1. Accounting Policies (continued)

(e) Consolidation

The accounts consolidate the results and net assets of the Association's wholly owned subsidiary companies, Osprey Initiatives Limited and The Moray Housing Partnership, using acquisition accounting.

(f) Turnover

Turnover comprises rental and service charge income receivable in the period, other services provided at the invoice value (excluding VAT) and revenue grants receivable in the period.

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

Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met. Charges for support services funded under Supporting People are recognised as they fall due under the contractual arrangements with Administering Authorities.

(g) Service Charges

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

(h) Intangible Fixed Assets

All intangible assets shall be considered to have a finite useful life. The useful life of an intangible asset that arises from contractual or other legal rights shall not exceed the period of the contractual or other legal rights, but may be shorter depending on the period over which the entity expects to use the asset.

IT Software 10% per annum straight line

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
PARTNERSHIP)
(Company Limited by Guarantee)**

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2016

1. Accounting Policies (continued)

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

Housing properties are properties for the provision of social and affordable housing or to otherwise provide social benefit and are principally properties available for rent.

Completed housing properties are stated at cost less accumulated depreciation and impairment losses.

Housing properties, all of which are heritable properties, are stated at cost 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 2014.

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
PARTNERSHIP)
(Company Limited by Guarantee)**

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2016

1. Accounting Policies (continued)

(j) 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	100 years (previously 90 – 100 years)
Kitchen	20 years
Bathroom	25 years (previously 20 years)
Doors	25 years
Windows	25 years
Heating System	30 years (previously 25 years)
Boiler	15 years (previously 15 - 25 years)
Insulation	20 years

(k) Depreciation – Other Fixed Assets

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

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

(l) Development Administration Costs

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

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
PARTNERSHIP)
(Company Limited by Guarantee)**

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2016

1. Accounting Policies (continued)

(m) Government Grants

Government grants include grants receivable from the Scottish Government, local authorities and other government bodies. Government grants are recognised at the fair value of the asset received or receivable when there is reasonable assurance that the grant conditions will be met and the grants will be received.

Government grants received for housing properties are recognised in income over the useful economic life of the structure of the asset under the accruals model.

On disposal of an asset for which government grant was received, if there is no obligation to repay the grant, then any unamortised grant remaining is derecognised as a liability and recognised as income. Where there is a requirement to repay a grant a liability is included in the Statement of Financial Position to recognise this obligation.

(n) Other Grants

Grants received from non-government sources are recognised using the performance model. Grants are recognised as income when the associated performance conditions are met.

(o) Impairment of Fixed Assets

An assessment is made at each reporting date of whether there are indications that a fixed asset (including housing properties) may be impaired or that an impairment loss previously recognised has fully or partially reversed. If such indications exist, the RSL estimates the recoverable amount of the asset.

Shortfalls between the carrying value of fixed assets and their recoverable amounts, being the higher of fair value less costs to sell and value-in-use of the asset based on its service potential, are recognised as impairment losses in the income and expenditure account.

Recognised impairment losses are reversed if, and only if, the reasons for the impairment loss have ceased to apply. Reversals of impairment losses are recognised in income and expenditure. On reversal of an impairment loss, the depreciation or amortisation is adjusted to allocate the asset's revised carrying amount (less any residual value) over its remaining useful life.

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
PARTNERSHIP)
(Company Limited by Guarantee)**

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2016

1. Accounting Policies (continued)

(p) 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.

(q) 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.

(r) Operating Leases

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

(s) Value Added Tax

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

(t) Deposits and Liquid Resources

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

(u) Investments

Investments are stated at cost.

(v) 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.

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
PARTNERSHIP)
(Company Limited by Guarantee)**

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2016

1. Accounting Policies (continued)

(w) Acquisition of Subsidiary

Negative goodwill arose on the acquisition of Moray Housing Partnership by Osprey Housing Limited (formerly 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.

(x) Gift Aid

Osprey Initiatives (formerly AHP Developments Limited) has a policy of paying gift aid of an amount up to the taxable profits each year to Osprey Housing Limited (formerly Aberdeenshire Housing Partnership) its ultimate parent undertaking. This has not yet happened as the company wishes to build up reserves now that it is profit making.

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

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
PARTNERSHIP)
(Company Limited by Guarantee)**

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2016

1. Accounting Policies (continued)

(y) Financial Instruments

The Association has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102, in full, to all of its financial instruments.

Financial assets and financial liabilities are recognised when the Association becomes a party to the contractual provisions of the instrument, and are offset only when the Association currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial assets

Debtors

Debtors which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price. Trade debtors are subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment losses.

Where the arrangement with a trade debtor constitutes a financing transaction, the debtor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar debt instrument.

A provision for impairment of debtors is established when there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in profit or loss for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in income and expenditure.

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
PARTNERSHIP)
(Company Limited by Guarantee)**

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2016

1. Accounting Policies (continued)

Financial liabilities

Trade creditors

Trade creditors payable within one year that do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled.

Where the arrangement with a trade creditor constitutes a financing transaction, the creditor is initially and subsequently measured at the present value of future payments discounted at a market rate of interest for a similar instrument.

Borrowings

Borrowings are initially recognised at the transaction price, including transaction costs, and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised on the basis of the effective interest method and is included in interest payable and other similar charges.

Derecognition of financial assets and liabilities

A financial asset is derecognised only when the contractual rights to cash flows expire or are settled, or substantially all the risks and rewards of ownership are transferred to another party, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party. A financial liability (or part thereof) is derecognised when the obligation specified in the contract is discharged, cancelled or expires.

(z) Provisions

Provisions are recognised when the RSL has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
PARTNERSHIP)
(Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2016**

1. Accounting Policies (continued)

(z2) Pensions

OHL participates in a defined benefit scheme operated by the North East Scotland Pension Fund.

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

MHP participated in the defined benefit section of the Scottish Housing Society Pension Scheme (SHAPS), administered by The Pensions Trust. This was closed on the 30th April 2015 with all staff transferred to the defined contribution section of SHAPS from 1st May 2015.

As the defined benefit section of the scheme is a multi-employer scheme with a group contribution rate, the share of assets cannot be specifically allocated and thus MHP 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. This will be the policy of MHP unless it is required to make a disclosure as a result of legislative changes or the Society's share of assets can be specifically identified. A liability is recognised for contributions arising from an agreement with the multi-employer plan that determines how the RSL will fund a deficit. Contributions are discounted when they are not expected to be settled wholly within 12 months of the period end.

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
PARTNERSHIP)
(Company Limited by Guarantee)**

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2016**

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

	Note	Turnover	Operating Costs	Operating Surplus	Operating Surplus for Previous period of account
		£	£	£	£
Affordable Lettings	3a	8,002,755	(4,991,653)	3,011,102	2,953,207
Other activities	3c	294,487	(115,312)	179,175	156,357
Total		8,297,242	(5,106,965)	3,190,277	3,109,564
Total for previous period of account		8,069,133	(4,959,569)	3,109,564	

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

	Note	Turnover	Operating Costs	Operating Surplus	Operating Surplus for Previous period of account
		£	£	£	£
Affordable Lettings	3b	5,416,988	(3,426,305)	1,990,683	2,108,014
Other activities	3d	210,702	(81,088)	129,614	113,856
Total		5,627,690	(3,507,393)	2,120,297	2,211,870
Total for previous period of account		5,460,425	(3,238,555)	2,211,870	

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
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(Company Limited by Guarantee)**

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2016

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

	2016	2015
Group		
	£	£
Rents receivable net of identifiable service charges	6,785,572	6,557,366
Service charges	225,597	229,041
Gross income from rents and service charges	7,011,169	6,786,407
Less: voids	(21,524)	(33,730)
Net income from rents and service charges	6,989,645	6,752,677
Grants released from deferred income	962,410	992,893
Other Revenue grants	50,700	37,500
Total turnover from affordable letting activities	8,002,755	7,783,070
Management and maintenance administration costs	2,026,774	2,134,299
Service costs	155,982	179,754
Planned and cyclical maintenance including major repairs costs	437,832	361,575
Reactive maintenance costs	850,767	620,849
Bad debts – rent and service charges	68,979	75,355
Depreciation of social housing	1,451,319	1,458,031
Operating costs for affordable letting activities	4,991,653	4,829,863
Operating Surplus for affordable lettings	3,011,102	2,953,207
Operating Surplus for affordable lettings for previous period of account	2,953,207	

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2016

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

	2016	2015
Association		
	£	£
Rents receivable net of identifiable service charges	4,685,733	4,531,848
Service charges	145,187	144,740
Gross income from rents and service charges	4,830,920	4,676,588
Less: voids	(12,491)	(23,428)
Net income from rents and service charges	4,818,429	4,653,160
Grants released from deferred income	547,859	558,515
Other Revenue grants	50,700	37,500
Total turnover from affordable letting activities	5,416,988	5,249,175
Management and maintenance administration costs	1,402,665	1,455,631
Service costs	126,496	126,963
Planned and cyclical maintenance including major repairs costs	301,958	185,359
Reactive maintenance costs	603,542	392,994
Bad debts – rent and service charges	55,170	60,418
Depreciation of social housing	936,473	919,796
Operating costs for affordable letting activities	3,426,305	3,141,161
Operating Surplus for affordable lettings	1,990,683	2,108,014
Operating Surplus for affordable lettings for previous period of account	2,108,014	

OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING PARTNERSHIP)
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2016

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

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total turnover	Operating costs – bad debts	Other operating costs	Operating surplus	Operating surplus for previous period of account
	£	£	£	£	£	£	£	£	£
Wider action/Wider role	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	5,591	5,591	-	-	5,591	8,121
Development and construction of property	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	13,650	13,650	-	-	13,650	13,542
Other agency/management services	-	-	-	73,995	73,995	-	-	73,995	74,336
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non-registered social landlords	-	-	-	-	-	-	-	-	-
Other activities	50,442	-	-	150,809	201,251	-	115,312	85,939	60,358
Total from other activities	50,442	-	-	244,045	294,487	-	115,312	179,175	156,357
Total from other activities for the previous period of account	47,292	-	-	239,026	286,318	-	129,961	156,357	

OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING PARTNERSHIP)
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2016

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	-	-	-	5,591	5,591	-	-	5,591	8,121
Development and construction of property	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	64,038	64,038	-	-	64,038	48,020
Developments for sale to RSLs	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non-RSLs	-	-	-	-	-	-	-	-	-
Other activities	30,442	-	-	110,631	141,073	-	81,088	59,985	57,715
Total from other activities	30,442	-	-	180,260	210,702	-	81,088	129,614	113,856
Total from other activities for the previous period of account	30,024	-	-	181,226	211,250	-	97,394	113,856	

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
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(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2016

4. Housing Stock – Group and Association

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

	2016	2015
	No	No
General Needs	926	927
Shared Ownership (LIFT properties)	29	29
Factoring (Owner Occupiers)	20	32
Mid-Market	8	8
General Needs from Group	488	488
Total units in management	<u>1,471</u>	<u>1,484</u>

The 8 Mid-Market units are held to fulfil an affordable housing need and are therefore not investment properties.

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

Group	2016	2015
	No	No
Leased units to Aberdeenshire Council	3	3
Leased units to Moray Council	7	7
	<u>10</u>	<u>10</u>

Association	2016	2015
	No	No
Leased units to Aberdeenshire Council	<u>3</u>	<u>3</u>

5. Interest payable

Group	£	£
Loan Interest	1,816,032	1,813,252
Net finance gain on pension liability	41,000	22,000
Unwinding of discount on SHAPs provision	3,000	4,000
	<u>1,860,032</u>	<u>1,839,252</u>
Association		
Loan Interest	1,481,390	1,468,668
Net finance gain on pension liability	41,000	22,000
	<u>1,522,390</u>	<u>1,490,668</u>

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2016

6. Operating Surplus is stated after charging

	2016	2015
Group	£	£
Directors' Remuneration	240,762	232,755
Auditors remuneration – audit services	26,667	27,544
Other bodies relating to RSM UK Audit LLP	5,634	4,975
Internal Audit	5,353	6,759
Operating leases	10,650	10,650
Depreciation	1,538,472	1,554,754
<hr/>		
Association		
Directors' Remuneration	240,762	232,755
Auditors remuneration – audit services	13,148	14,060
Other bodies relating to RSM UK Audit LLP	3,775	1,622
Internal Audit	3,687	4,655
Operating leases	9,082	9,082
Depreciation	994,026	986,612
<hr/>		

7. Employees

	2016	2015
Group	£	£
Wages and salaries	989,313	960,947
Social Security costs	82,568	78,917
Other Pension costs	173,241	153,440
	1,245,122	1,193,304
<hr/>		

The average monthly number of full time equivalent number of persons employed by the Group including key management personnel during the year were as follows:

Housing Management	17	18
Corporate	4	3
Business Support	7	7
	28	28
<hr/>		

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
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(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2016

7. Employees (continued)

	2016	2015
Association	£	£
Wages and salaries	819,256	776,321
Social Security costs	65,546	63,254
Other Pension costs	148,359	127,462
	<u>1,033,161</u>	<u>967,037</u>

The average monthly number of full time equivalent number of persons employed by the Group including key management personnel during the year were as follows:

Housing Management	12	12
Corporate	4	3
Business Support	6	6
	<u>22</u>	<u>21</u>

Further to the staff costs disclosed above, additions/deductions were as follows

	2016	2015
	£	£
From Above	1,033,161	967,037
Staff Costs recharged to MHP	(202,467)	(159,220)
Staff Costs recharged from MHP	17,650	-
Capitalised Salary Costs	(889)	-
	<u>847,455</u>	<u>807,817</u>

No members of the Board of OHL, Committee of Management of MHP or Board of OIL received any remuneration.

Key management personnel are defined as the Colin Hawkins (Chief Executive), Glenn Adcock (Executive Director) and Gary Walker (Chief Finance Officer).

There are 3 members of key management personnel who received emoluments of £60,000 or more.

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2016

7. Employees (continued)

	2016	2015
	£	£
Group and Association		
Aggregate emoluments for key management personnel (excluding pension contributions)	201,618	195,902
The emoluments of the Chief Executive (excluding pension contributions)	83,680	81,638
Aggregate pension contributions in relation to the above key management personnel	39,144	36,852

The Chief Executive, Executive Director and Chief Finance Officer are all members of the LGPS defined benefit scheme as disclosed in note 22.

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

	2016	2015
	No	No
Group and Association		
£60,001 - £70,000	1	1
£70,001 - £80,000	1	1
£80,001 - £90,000	-	-
£90,001 - £100,000	-	1
£100,001 - £110,000	1	-
	2016	2015
	£	£
Group		
Total expenses reimbursed to members of the Board in so far as not chargeable to UK income tax	<u>7,554</u>	<u>6,021</u>
Association		
Total expenses reimbursed to members of the Board in so far as not chargeable to UK income tax	<u>6,469</u>	<u>5,561</u>

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2016

8. Taxation (Group)	2016	2015
	£	£
UK Corporation Tax on profits for the year	-	-
Total Current Tax	-	-
Factors affecting the tax charge for the year:		
Surplus on ordinary activities of AHPD multiplied by the standard rate of corporation tax (20%)	-	-
Expenses not deductible for tax purposes	-	-
Unrelieved tax losses and other deductions	-	-
Capital allowances in excess of depreciation	-	-
Current tax charge for the period	-	-

9. Intangible Fixed Assets - Group

	IT Software
Cost	£
At 1 April 2015	304,909
Transfer	(2,893)
Additions during year	1,200
Disposals during year	-
At 31 March 2016	303,216
Depreciation	
At 1 April 2015	58,195
Charge for year	31,855
Disposals for year	-
At 31 March 2016	90,050
Net Book Value	
At 31 March 2016	213,166
At 31 March 2015	246,714

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
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**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2016**

9. Intangible Fixed Assets - Association

	IT Software
Cost	£
At 1 April 2015	218,168
Transfer	(2,893)
Additions during year	1,200
Disposals during year	-
At 31 March 2016	<u>216,475</u>
 Depreciation	
At 1 April 2015	41,715
Charge for year	22,530
Disposals for year	-
At 31 March 2016	<u>64,245</u>
 Net Book Value	
At 31 March 2016	<u>152,230</u>
At 31 March 2015	<u>176,453</u>

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
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(Company Limited by Guarantee)

**NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2016**

10a.) Tangible Fixed Assets – Housing Properties – Group

	Housing Properties under construction	Housing Properties held for letting	Total
Cost	£	£	£
At 1 April 2015	288,003	109,429,101	109,717,104
Transfers	(235,673)	235,673	-
Additions during year	3,123,931	797,914	3,921,845
Disposals during year	-	(82,740)	(82,740)
At 31 March 2016	<u>3,176,261</u>	<u>110,379,948</u>	<u>113,556,209</u>
Depreciation			
At 1 April 2015	-	(12,028,677)	(12,028,677)
Charge for year	-	(1,451,319)	(1,451,319)
Disposals during year	-	36,282	36,282
At 31 March 2016	<u>-</u>	<u>(13,443,714)</u>	<u>(13,443,714)</u>
Net Book Value			
At 31 March 2016	<u>3,176,261</u>	<u>96,936,242</u>	<u>100,112,495</u>
At 31 March 2015	<u>288,003</u>	<u>97,400,424</u>	<u>97,688,427</u>

Interest of £nil (2015: £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.

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
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NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2016

10b.) Tangible Fixed Assets – Housing Properties – Association

	Housing Properties under construction	Housing Properties held for letting	Total
	£	£	£
Cost			
At 1 April 2015	-	73,128,739	73,128,739
Additions during year	2,889,243	743,958	3,633,201
Disposals during year	-	(58,885)	(58,885)
At 31 March 2016	2,889,243	73,813,812	76,703,055
Depreciation			
At 1 April 2015	-	(6,961,190)	(6,961,190)
Charge for year	-	(936,473)	(936,473)
Disposals during year	-	22,614	22,614
At 31 March 2016	-	(7,875,049)	(7,875,049)
Net Book Value			
At 31 March 2016	2,889,243	65,938,763	68,828,006
At 31 March 2015	-	66,167,549	66,167,549

Interest of £nil (2015: £nil) has been included in cost of housing properties. All land and property is owned by the Association. None of the properties are held under lease.

10c.) Expenditure on existing properties	Year ended 31	Year ended 31
Group	March 2016	March 2015
	£	£
Group		
Major repairs expensed	128,031	185,688
Replacement of components	673,141	932,352
Total	801,172	1,118,040

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
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NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2016

10c.) Expenditure on existing properties (continued)	Year ended 31 March 2016	Year ended 31 March 2015
	£	£
Association		
Major repairs expensed	107,515	64,227
Replacement of components	619,185	904,019
Total	<u>726,700</u>	<u>968,246</u>

10d.) Other Tangible Fixed Assets (Group)

	IT Equip	Motor Vehicles	Furniture, Fittings & Equip	Office Property	Total
	£	£	£	£	£
Cost					
At 1 April 2015	107,208	37,631	93,057	1,791,252	2,029,148
Reallocation from Intangible Assets	-	-	2,893	-	2,893
Transfer	(4,094)	-	4,094	-	-
Additions during year	7,466	-	1,956	-	9,422
Disposals during year	-	-	-	-	-
At 31 March 2016	<u>110,580</u>	<u>37,631</u>	<u>102,000</u>	<u>1,791,252</u>	<u>2,041,463</u>
Depreciation					
At 1 April 2015	76,208	25,321	89,416	105,054	295,999
Transfer	(6,757)	-	6,757	-	-
Charge for the year	13,268	8,003	2,252	35,824	59,347
Disposals during year	-	-	-	-	-
At 31 March 2016	<u>82,719</u>	<u>33,324</u>	<u>98,425</u>	<u>140,878</u>	<u>355,346</u>
Net Book Value					
At 31 March 2016	<u>27,861</u>	<u>4,307</u>	<u>3,575</u>	<u>1,650,374</u>	<u>1,686,117</u>
At 31 March 2015	<u>31,000</u>	<u>12,310</u>	<u>3,641</u>	<u>1,686,198</u>	<u>1,733,149</u>

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2016

10e.) Other Tangible Fixed Assets (Association)

	IT Equip	Motor Vehicles	Furniture, Fittings & Equip	Office Property	Total
	£	£	£	£	£
Cost					
At 1 April 2015	97,847	-	48,702	1,300,254	1,446,803
Reallocation from Intangible Assets	-	-	2,893	-	2,893
Transfer	(4,094)	-	4,094	-	-
Additions during year	6,608	-	1,956	-	8,564
Disposals during year	-	-	-	-	-
At 31 March 2016	100,361	-	57,645	1,300,254	1,458,260
Depreciation					
At 1 April 2015	74,245	-	46,250	63,117	183,612
Transfer	(6,757)	-	6,757	-	-
Charge for the year	11,213	-	1,855	26,004	39,072
Disposals during year	-	-	-	-	-
At 31 March 2016	78,701	-	54,862	89,121	222,684
Net Book Value					
At 31 March 2016	21,660	-	2,783	1,211,133	1,235,576
At 31 March 2015	23,602	-	2,452	1,237,137	1,263,191

Rental income of £58,844 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 (2015: £1,300,254) with accumulated depreciation as at 31 March 2016 of £89,121 (2015: £63,117).

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2016

11. Investment	2016	2015
	£	£
Association		
Shares in unlisted subsidiary companies at cost	<u>101</u>	<u>101</u>

The subsidiary companies at 31st March 2016 were Osprey Initiatives Limited (formerly AHP Developments Limited) which is a company registered in Scotland providing, constructing, encouraging or facilitating the provision and construction of affordable housing for Osprey Housing Limited (formerly 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. Osprey Housing Limited (formerly Aberdeenshire Housing Partnership) holds 100% of the share capital in Osprey Initiatives Limited (formerly AHP Developments Limited) and the controlling share in Moray Housing Partnership.

The results of Moray Housing Partnership for the year ended 31 March 2016 are as follows:

Results for the year after Taxation	<u>669,980</u>	<u>471,342</u>
Net Assets	<u>3,472,171</u>	<u>2,802,191</u>

The results of Osprey Initiatives Limited for the year ended 31 March 2016 are as follows:

Results for the period after Taxation	<u>53,314</u>	<u>51,485</u>
Net Assets/(Liabilities)	<u>6,810</u>	<u>(46,504)</u>

The Moray Housing Partnership's unconsolidated subsidiary, MHP ES Ltd ceased operations last year and was dissolved on 3rd July 2015.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2016

12. Debtors

	2016	2015
	£	£
Group		
Amounts falling due within one year		
Gross rents in arrears	220,811	265,348
Less: bad debt provision	(125,723)	(160,580)
	95,088	104,768
Other debtors and prepayments	1,163,313	204,725
	<u>1,258,401</u>	<u>309,493</u>
	2016	2015
	£	£
Association		
Amounts falling due within one year		
Gross rents in arrears	164,416	195,634
Less: bad debt provision	(91,564)	(117,293)
	72,852	78,341
Other debtors and prepayments	1,090,561	181,910
Intercompany debtor	3,534	124,773
Loan to The Moray Housing Partnership	-	125,000
	<u>1,166,947</u>	<u>510,024</u>

The final repayment of £125,000 of the Association's loan to The Moray Housing Partnership, on which interest was charged at 4%, was made during 2015/16. Interest receivable of £1,250 (2015: £7,500) has been recognised by the Association in relation to this year.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2016

13. Creditors due within one year

	2016	2015
	£	£
Group		
Loans (Note 14)	349,205	546,554
Retentions unpaid	126,087	125,899
Prepaid rent	228,720	205,949
Accruals	1,181,820	851,739
Other Tax and Social Security	39,186	40,759
Pension Creditor	16,858	18,098
Trade Creditors	673,243	165,100
Other Creditors	74,857	50,701
HAG repayable	293,944	-
Deferred Capital Grant (note 15)	962,410	982,237
	<u>3,946,330</u>	<u>2,987,036</u>
Association		
Loans (Note 14)	68,000	272,000
Retentions Unpaid	97,113	42,464
Prepaid Rent	149,475	141,760
Accruals	1,101,853	665,289
Other Tax and Social Security	23,899	28,004
Pension Creditor	16,858	15,187
Trade Creditors	648,747	147,422
Other Creditors	39,272	43,016
HAG repayable	293,944	-
Intercompany Creditor	208	-
Deferred Capital Grant (note 15)	547,859	547,859
	<u>2,987,228</u>	<u>1,903,001</u>

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.

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2016

14. Creditors due out with one year

	2016	2015
	£	£
Group		
Loans	35,689,987	36,015,142
Deferred Capital Grant (note 15)	57,587,917	56,175,156
HAG repayable	-	293,944
Pension Creditor	27,767	55,533
	<u>93,305,671</u>	<u>92,539,775</u>
 Association		
Loans	27,406,278	27,454,203
Deferred Capital Grant (note 15)	37,343,940	35,743,631
HAG repayable	-	293,944
Pension Creditor	27,767	55,533
	<u>64,777,985</u>	<u>63,547,311</u>

Loans from private funding amounting to £23,428,000 (2015 - £23,700,000) are secured by a by specific charges on its properties, with the bond and floating charge having been removed on 5th January 2016. These loans are on a 25 year term and are a combination of fully amortising and bullet repayment facilities. Another loan of £3,743,498 is unsecured, is 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.

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2016

14. Creditors due out with one year (continued)

Based on the lender's earliest repayment date, borrowing are repayable as follows:

	2016	2015
Group	£	£
Less than one year (note 13)	349,205	546,554
Between one and two years	359,835	353,090
Between two and five year	1,180,236	1,144,111
In five years or more	34,310,041	34,610,848
Capitalised Facility Fee	(160,125)	(92,907)
Total Loans after one year	35,689,987	36,015,142
Total Loans Outstanding	36,039,192	36,561,696
Association		
Less than one year (note 13)	68,000	272,000
Between one and two years	68,000	68,000
Between two and five year	238,000	221,000
In five years or more	27,245,400	27,242,723
Capitalised Facility Fee	(145,122)	(77,520)
Total Loans after one year	27,406,278	27,454,203
Total Loans Outstanding	27,474,248	27,726,203

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2016

15. Deferred Capital Grant	2016	2015
	£	£
Group		
As at 1 April	57,157,393	58,150,286
Capital Grant Additions	2,355,844	-
Capital Grant Disposals	(500)	-
Capital grant released	(962,410)	(992,893)
As at 31 March	<u>58,550,327</u>	<u>57,157,393</u>
Amounts to be released within one year	962,410	982,237
Amounts to be released in more than one year	<u>57,587,917</u>	<u>56,175,156</u>
	<u>58,550,327</u>	<u>57,157,393</u>
Association		
As at 1 April	36,291,490	36,850,005
Capital Grant Additions	2,148,668	-
Capital Grant Disposals	(500)	-
Capital grant released	(547,859)	(558,515)
As at 31 March	<u>37,891,799</u>	<u>36,291,490</u>
Amounts to be released within one year	547,859	547,859
Amounts to be released in more than one year	<u>37,343,940</u>	<u>35,743,631</u>
	<u>37,891,799</u>	<u>36,291,490</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2016

16. Financial Instruments

	2016	2015
Group	£	£
<i>Financial assets:</i>		
Debt instruments measured at amortised cost	1,227,727	380,664
Total	<u>1,206,424</u>	<u>380,644</u>
<i>Financial liabilities:</i>		
Measured at amortised cost	38,387,754	38,098,108
Total	<u>38,387,754</u>	<u>38,098,108</u>
	2016	2015
Association	£	£
<i>Financial assets:</i>		
Debt instruments measured at amortised cost	1,140,454	328,114
Total	<u>1,140,454</u>	<u>328,114</u>
<i>Financial liabilities:</i>		
Measured at amortised cost	29,655,415	28,714,286
Total	<u>29,655,415</u>	<u>28,714,286</u>

17. Provisions

	SHAPS Pension	Total
Group	£	£
As at 1 April 2015	153,000	153,000
Utilised in the year	(11,000)	(11,000)
Unwinding of discount	3,000	3,000
Increase due to change in discount rate	(1,000)	(1,000)
As at 31 March 2016	<u>144,000</u>	<u>144,000</u>

Pension

The SHAPS provision represents the net present value of the commitment to the multi-employer pension scheme in respect of past deficits.

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2016

18. Notes to Statement of Cash flows

Group	2016	2015
	£	£
Reconciliation of operating surplus to net cash inflow from activities		
Surplus for the year	1,445,788	1,247,637
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	1,510,666	1,525,657
Amortisation of intangible fixed assets	31,855	29,097
Amortisation of capital grant	(962,410)	(1,030,022)
Defined benefit pension scheme	93,000	-
(Decrease) in provisions	(9,000)	-
(Gain)/loss on disposal of tangible fixed assets	(113,150)	22,314
Interest received	(2,393)	(7,510)
Interest payable	1,860,032	1,846,752
Operating cash flows before movement in working capital	3,854,388	3,633,925
(Increase)/decrease in trade and other debtors	(948,908)	239,210
Increase in trade and other creditors	854,760	224,497
Cash generated from operations	3,760,240	4,097,632

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2016

18. Notes to Statement of Cash flows (continued)

Association

	2016	2015
Reconciliation of operating surplus to net cash inflow from activities	£	£
Surplus for the year	722,494	724,810
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	975,545	965,755
Amortisation of intangible fixed assets	22,530	20,857
Amortisation of capital grant	(547,859)	(595,644)
Defined benefit pension scheme	93,000	-
(Gain)/loss on disposal of tangible fixed assets	(123,337)	13,520
Interest received	(1,250)	(7,500)
Interest payable	1,522,390	1,490,668
Taxation	-	-
Operating cash flows before movement in working capital	2,663,513	2,612,466
Decrease/(increase) in trade and other debtors	(656,923)	202,800
(Decrease)/increased in trade and other creditors	966,517	146,851
Cash generated from/(used in) operations	2,973,107	2,962,117

19. Capital Commitments

	2016	2015
Group	£	£
Land and Buildings	4,157,933	-
Replacement Components	32,029	57,767
Expenditure authorised by the Board contracted less certified	4,189,962	57,767

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2016

19. Capital Commitments (continued)

	2016	2015
	£	£
Association		
Land and Buildings	4,036,281	-
Replacement Components	32,029	57,767
Office	-	-
Board authorised expenditure contracted less certified	<u>4,068,310</u>	<u>57,767</u>

20. Contingent Liabilities - Association

The Association is in a VAT group with its subsidiaries Moray Housing Partnership and Osprey Initiatives Limited. The total group VAT liability of £13,528 (2015: £11,788) will have to be paid in full by the Association in the event of a default by either of the above two entities.

21. Leasing Commitments

At 31 March 2016 the Group and Association had annual commitments under non-cancellable operating leases as detailed below:

	Plant & Machinery		Land and Buildings	
	2016	2015	2016	2015
	£	£	£	£
Group				
Amounts due:				
Within one year	10,650	10,650	-	-
Within two to five years	3,840	14,490	-	-
After five years	-	-	-	-
	<u>14,490</u>	<u>25,140</u>	<u>-</u>	<u>-</u>

	Plant & Machinery		Land and Buildings	
	2016	2015	2016	2015
	£	£	£	£
Association				
Amounts due:				
Within one year	9,082	9,082	-	-
Within two to five years	1,667	10,749	-	-
After five years	-	-	-	-
	<u>10,749</u>	<u>19,831</u>	<u>-</u>	<u>-</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2016

22. Pension Fund

Osprey Housing Limited (formerly 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 LGPS is a defined benefit scheme based on final pensionable salary.

Osprey Housing Limited (formerly Aberdeenshire Housing Partnership) – North East Scotland Pension Fund

The LGPS is a multi-employer scheme administered by the Council under regulations governing the Local Government Pension Scheme, a defined benefit pension scheme. The most recent comprehensive actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out at 31 March 2014.

The employers contribution to the LGPS by the RSL for the year ended 31 March 2016 were £148,000 (2015 - £127,000) at a contribution rate of 20.0% of pensionable salaries. The employers' contribution rate for the year ending 31 March 2017 has been set at 20.8%. The employers' contributions for the year ended 31 March 2017 is estimated to be £154,000.

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

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

	2016	2015
	£	£
Current Service Cost	(197,000)	(124,000)
Net interest on the net defined benefit pension liability	(41,000)	(22,000)
Administration expenses	(3,000)	(3,000)
Total	(241,000)	(149,000)

The average life expectancy for a pensioner retiring at 65 on the reporting date is:

	2016	2015
	Years	Years
Male	22.2	22.1
Female	24.8	24.7

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2016

22. Pensions (continued)

The average life expectancy for an employee retiring at 65 that is aged 45 at the reporting date is:

	2016 Years	2015 Years
Male	24.4	24.3
Female	27.6	27.5

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

	2016 £	2015 £
Opening defined benefit obligation	4,662,000	4,206,000
Current service cost	197,000	124,000
Interest on pension liabilities	150,000	186,000
Member contributions	51,000	45,000
Actuarial losses/(gains) on liabilities	(377,000)	314,000
Benefits/transfers	(54,000)	(213,000)
Closing defined benefit obligation	4,629,000	4,662,000

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

	2016 £	2015 £
Opening fair value of plan assets	3,347,000	3,675,000
Interest on plan assets	109,000	164,000
Actuarial gains/(losses) on assets	(40,000)	(448,000)
Administration expenses	(3,000)	(3,000)
Employer contributions	148,000	127,000
Member contributions	51,000	45,000
Benefits/transfers paid	(54,000)	(213,000)
Closing fair value of plan assets	3,558,000	3,347,000

The actual return on plan assets was £68,000 (2015 £414,000).

**OSPREY HOUSING LIMITED (FORMERLY ABERDEENSHIRE HOUSING
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2016

22. Pensions (continued)

Principal actuarial assumptions at the balance sheet date:

	2016	2015
	% p.a.	% p.a.
Price increases	1.95%	2.0%
Salary increases	2.95%	2.8%
Pension increases	1.95%	2.0%
Discount Rate	3.65%	3.2%

The analysis of the scheme assets at the reporting date were as follows:

	Fair value of assets	
	2016	2015
	£	£
Equities	2,755	2,624
Gov. Bonds	388	224
Other Bonds	85	64
Property	302	214
Cash	28	80
Other	-	141
Total	3,558	3,347

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2016

22. Pensions (continued)

Moray Housing Partnership - SHAPs

The company participated in the scheme, a multi-employer scheme which provides benefits to some 155 non-associated employers. The scheme is a defined benefit scheme in the UK.

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

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

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

A full actuarial valuation for the scheme was carried out at 30 September 2012. This actuarial valuation showed assets of £394m, liabilities of £698m and a deficit of £304m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid to the scheme as follows:

Deficit contributions

From 1 April 2014 to 30 September 2027 - £26,304,000 per annum (payable monthly and increasing by 3% each year on 1st April).

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2016

22. Pension Fund (continued)

PRESENT VALUES OF PROVISION

RECONCILIATION OF OPENING AND CLOSING PROVISIONS

	Period Ending 31 March 2016 (£000s)	Period Ending 31 March 2015 (£000s)
Provision at start of period	153	149
Unwinding of the discount factor (interest expense)	3	5
Deficit contribution paid	(11)	(10)
Remeasurements - impact of any change in assumptions	(1)	11
Remeasurements - amendments to the contribution schedule	-	-
Provision at end of period	144	153

INCOME AND EXPENDITURE IMPACT

	Period Ending 31 March 2016 (£000s)	Period Ending 31 March 2015 (£000s)
Interest expense	3	5
Remeasurements – impact of any change in assumptions	(1)	11
Remeasurements – amendments to the contribution schedule	-	-

ASSUMPTIONS

	31 March 2016 % per annum	31 March 2015 % per annum	31 March 2014 % per annum
Rate of discount	2.29	2.22	3.42

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2016

22. Pension Fund (continued)

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

DEFICIT CONTRIBUTIONS SCHEDULE

Year ending	31 March 2016 (£000s)	31 March 2015 (£000s)	31 March 2014 (£000s)
Year 1	12	12	11
Year 2	13	12	12
Year 3	13	13	12
Year 4	13	13	13
Year 5	14	13	13
Year 6	14	14	13
Year 7	15	14	14
Year 8	15	15	14
Year 9	15	15	15
Year 10	16	15	15
Year 11	16	16	15
Year 12	8	16	16
Year 13	-	8	16
Year 14	-	-	8

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

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

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2016

23. Related Party Transactions

Osprey Housing Limited (formerly Aberdeenshire Housing Partnership) recharged £57,129 (2015: £15,205) of expenses relating to Osprey Initiatives Limited (AHP Developments Limited) and £17,000 (2015: £17,000) in relation to the lease of housing stock on operating leases. The balance due from Osprey Initiatives Limited at the year-end was £11 (2015: £48,948).

Osprey Housing Limited (formerly Aberdeenshire Housing Partnership) charged Moray Housing Partnership loan interest of £1,250 (2015: £7,500). In addition, management charges during the same period amounted to £203,600 (2015: £159,220) and costs incurred on behalf of Moray Housing Partnership amounted to £122,298 (2015: £126,326). The total amount due at the year-end was £3,352 (2015: £200,825).

Moray Housing Partnership incurred expenditure of £18,531 (2015: £4,409) on behalf of Osprey Housing Limited (formerly Aberdeenshire Housing Partnership) which has been recharged and paid during the year.

The following members of the Board are also tenants of the Association 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. They 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.

24. Ultimate controlling party

The Directors believe that Osprey Housing Limited (formerly Aberdeenshire Housing Partnership) is the ultimate controlling party of the Group.

25. Members' Guarantee

Osprey Housing Limited (formerly Aberdeenshire Housing Partnership), being a Company limited by guarantee, has no share capital.

Membership at 31 March 2016 totalled 11 (2015: 11).

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2016

26. FIRST TIME ADOPTION OF FRS 102

The financial statements have been prepared in accordance with FRS 102 for the year ended 31 March 2016. The transition to FRS 102 has impacted on the following accounting policies adopted and as such the comparative figures have been restated accordingly.

A – Grant Accounting

Previously all capital grants received were netted off against the cost of housing properties. In line with FRS 102 and SORP 2014 capital government grants are now treated under the accrual model and as such are shown as deferred income and amortised to income over the expected useful life of the housing property structure (excluding land).

B – Depreciation of Housing Properties

Previously depreciation on housing properties was calculated on the net cost of properties after capital grant. In line with FRS 102, and as noted above in A, grants are no longer netted off against the cost of housing properties and as such depreciation is now calculated on the gross cost of housing properties.

C – SHAPS Pension Scheme

The Association participates in the multi-employer defined benefit Scottish Housing Association Pension Scheme (SHAPS). Under FRS 102 a contractual agreement under a multi-employer defined benefit pension scheme to fund a past deficit should be accrued for as a liability discounted to net present value. As at 31 March 2015 this liability was calculated as amounting to £153,000.

D – Amortised Cost Calculation for debt instruments

The Association has a loan with a stepped fixed interest rate. The loan is basic and so the subsequent valuation technique of amortised cost has been applied in line with section 11 of FRS 102. This has been an increase in the carrying value of the loan at transition of £378,018 and a further increase in the comparative year of £107,564. This calculation will unwind over the life of the instrument following the change to the higher interest rate becoming payable.

Under FRS 102, the Statement of Cash Flows presents changes in cash and cash equivalents (which include cash in hand, deposits repayable on demand and overdrafts and short-term, highly liquid investments), showing changes arising from operating activities, investing activities and financing activities separately. Under previous UK GAAP, the Cash Flow Statement presented changes in cash (which includes cash in hand, deposits repayable on demand and overdrafts) under the headings of operating activities, returns on investments and servicing of finance, taxation, capital expenditure and financial investment, acquisitions and disposals, equity dividends paid, management of liquid resources, and financing.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2016

26. FIRST TIME ADOPTION OF FRS 102 (continued)

Reconciliation of Reserves - Group		1 April 2014	31 March 2015
		£	£
Reserves as previously reported under UK GAAP		5,691,192	6,147,274
Grant Accounting	A	7,565,000	8,568,107
Depreciation	B	(6,982,509)	(7,869,773)
SHAPS Pension	C	(149,000)	(153,000)
Amortised Cost Calculation	D	(278,295)	(360,225)
Reserves reported under FRS 102		<u>5,846,388</u>	<u>6,332,383</u>

Reconciliation of Reserves - Association		1 April 2014	31 March 2015
		£	£
Reserves as previously reported under UK GAAP		3,194,794	3,120,239
Grant Accounting	A	3,946,765	4,529,260
Depreciation	B	(3,249,649)	(3,712,477)
SHAPS Pension	C	-	-
Amortised Cost Calculation	D	(278,295)	(360,225)
Reserves reported under FRS 102		<u>3,613,615</u>	<u>3,576,797</u>

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2016

26. FIRST TIME ADOPTION OF FRS 102 (continued)

Reconciliation of Surplus or Deficit - Group		31 March 2015 £
Surplus as previously reported under UK GAAP		456,096
Grant Accounting	A	1,003,106
Depreciation	B	(887,264)
SHAPS Pension	C	(4,000)
Amortised Cost Calculation	D	(81,930)
Surplus reported under FRS 102		<u>486,008</u>
Reconciliation of Surplus or Deficit - Association		31 March 2015 £
Surplus as previously reported under UK GAAP		(74,555)
Grant Accounting	A	582,495
Depreciation	B	(462,828)
SHAPS Pension	C	-
Amortised Cost Calculation	D	(81,930)
Surplus reported under FRS 102		<u>(36,818)</u>

