

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

CONSOLIDATED
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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
(Company Limited by Guarantee)

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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Registration Particulars:

Company Number	SC198586
Charity Number	SC029461
RSL Number	312

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

OFFICERS AND PROFESSIONAL ADVISERS

31 MARCH 2023

Osprey Housing Limited Board of Directors

Michael Scott, Chair
Leslie Allan, Vice Chair
Stuart Robertson
Robert Hepburn
Brian Topping
Jonathan Young
Douglas Bodie
Simpson Buglass
Raymond Edgar
James Milne
Brian Watson
Alison Mitchell
Claire Crawford
John Connelly (Appointed 23/11/2022)

Osprey Initiatives Board of Directors

Douglas Bodie, Chair
Catherine Darbyshire, Vice Chair
Stuart Robertson
Robert Hepburn
Simpson Buglass
Stacy Angus
Gary Walker

Executive Officers

Stacy Angus, Chief Executive
Gary Walker, Director of Finance

Registered Office

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

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

OFFICERS AND PROFESSIONAL ADVISERS

31 MARCH 2023
(Continued)

Bankers

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

Bank of Scotland
90 High Street
Elgin
IV30 1BJ

Nationwide
Kings Park Road
Moulton Park
Northampton
NN3 6NW

Company Secretary

Clare Ruxton

Solicitors

TC Young
69 George Street
Edinburgh
EH2 2JG

Peterkins
60 Market Place
Inverurie
AB51 3XN

Auditors

RSM UK Audit LLP
Chartered Accountants
Third Floor, 2 Semple Street
Edinburgh
EH3 8BL

Internal Auditors

Azets
25 Bothwell Street
Glasgow
G2 6NL

OSPREY HOUSING LIMITED
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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)

31 MARCH 2023

The Board present their report and audited financial statements for the year ended 31 March 2023.

Background and Legal structure

Osprey Housing Limited (OHL) was registered in August 1999 under the Companies Act 1999 (now Companies Act 2006) (Company No SC198586). OHL is governed by its Articles of Association that have been aligned with the Scottish Federation of Housing Associations (SFHA) model rules (Scotland) 2020.

In January 2013, following approval by the Scottish Housing Regulator (SHR), OHL entered into a constitutional partnership with Osprey Housing Moray (OHM). This was further progressed during 2019 to begin the process for transfer of engagements (ToE) to a single entity. Following successful completion of the Transfer of Engagements, effective from 1 April 2021, Osprey Housing and Osprey Housing Moray, became a single landlord.

On 1 November 2021, OHL completed a Transfer of Engagements from Aberdeen Soroptimist Housing Society, a small, locally based Association.

OHL established a wholly owned trading subsidiary on 4 March 2008, Osprey Initiatives Limited (OIL). The company was formed to undertake potentially non-charitable trading activities and its primary activity is to manage OHL's Mid-Market Rented stock.

Following a review of its activities, OHL divested itself of its MMR stock during the year through a sale to another Registered Social Landlord.

The table below shows the number of properties owned by OHL at 31 March 2023:

Owned Properties	2023	2022
Tenanted	1,762	1,686
Leased to OIL	-	88
Leased to Third Parties	5	5
Total	1,767	1,779

In addition, OHL owns 21 standalone garages (2022: 21) and 29 shared ownership properties (2021: 29).

These financial statements include the consolidated results of OHL and OIL.

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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)

31 MARCH 2023

Charitable Status

OHL is a registered social landlord and was granted charitable status (Charity No SC029461) with effect from 4 October 1999.

OIL is a trading subsidiary limited by shares and considers, with its parent, the treatment of operating surpluses in the best interests of the Group's Vision & Strategic Objectives.

Delivering our Strategy and Ambitions

Following the pandemic, the economic environment we operate in continues to be uncertain as we find ourselves in the cost of living crisis, which brings with it significant challenges for both the organisation and our tenants. However, these challenges can also be viewed as an opportunity for improvement and creating organisational efficiencies. OHL has delivered well under these ongoing pressurised circumstances, continually making progress and growth as an organisation, maintaining strong performance throughout all service areas. OHL has demonstrated that we are robust and that our agile working approach sets us up well to meet unforeseen challenges. We continually seek opportunities for improvement and growth by being responsive and agile to the environment we operate in.

We prioritise tenant support and strong tenant landlord relationships by consistently delivering excellent core services.

Strategic Report

Strategic Business Plan 2022-25 – Annual Review

In May 2022, the Board approved a new 3 year Strategic Plan for 2022-2025. The Plan sets out the Group's vision, mission and ambitions up to 2025 and the Annual review was undertaken in May 2023. This included a full review of the appended SWOT analysis to remain vigilant to our strengths and weaknesses, opportunities and threats.

The plan sets out our Vision, Mission & Ambitions:

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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)

31 MARCH 2023

Strategic Report (continued)

Our Vision

Making a difference every day

Our Mission

To provide high quality affordable housing and services to people in the communities we serve.

Our Values

The Core Values of the organisation reflect the foundation from which we perform and conduct our business and are the essence of the Osprey identity. These values provide a framework to deliver our Group Mission Statement.

✓ **AMBITION and ACHIEVEMENT**

We are a high performing organisation delivering through innovation and challenge

✓ **EQUALITY and RESPECT**

We recognise and celebrate the unique value in everyone

✓ **QUALITY and PROFESSIONALISM**

We strive to deliver high standards

✓ **AGILE and RESPONSIVE**

We are flexible and quick to deal with change without diminishing our delivery

The plan also highlights our four key Strategic Ambitions, how will deliver and measure their success:

- Make customers the focus of everything we do
- Provide more and better homes
- Be a stronger organisation
- Be a great place to work

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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)

31 MARCH 2023

Awareness of Risk and Mitigation

Osprey has a culture of being risk aware, but we are not risk averse. We review and revise risks on a revolving basis, formally through the governance cycle at least twice a year and monthly at Leadership Team level.

Business planning and risk assessment are complementary. It is vital to assess risks that effect the organisation's ability to meet key objectives and financial forecasting, both short and long term. It is important that objectives and risks are clear, current, relevant with the interlinks fully understood being set at a strategic level with Board approval. The overall risk matrix has five key strategic risks which are:

- Strategic Risk
- Financial Viability
- Asset Management
- Housing Management
- Corporate and Governance

We face a broad range of risks reflecting our responsibilities as a Registered Social Landlord, including in the areas of financial viability, tenant safety, customer satisfaction and engagement, governance, and change management. In addition, the political, statutory, and regulatory environment alongside the potential for significant economic volatility create wider risks.

Governance and Management

The Board and Executive Officers of OHL and OIL are listed on page 3. The Board ensure that comprehensive evidence is available to them throughout the year and opportunity for these to be scrutinised and challenged appropriately. By doing so this allows the Board to be assured that Osprey complies with the regulatory Governance requirements and standards set out in Chapter 3 of the SHR's Regulatory Framework. Each year the Board will carry out sufficient self-assessment to be comfortable and confident to submit an Assurance Statement to the SHR.

Board members are directly involved in the ongoing development and monitoring of the evidence base that provides the necessary level of assurance and we have undertaken a cross reference of good practice guidance published during 2022-23. Sources of assurance are mapped against regulatory requirements and standards in a detailed compliance review on an annual basis by the Board.

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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)

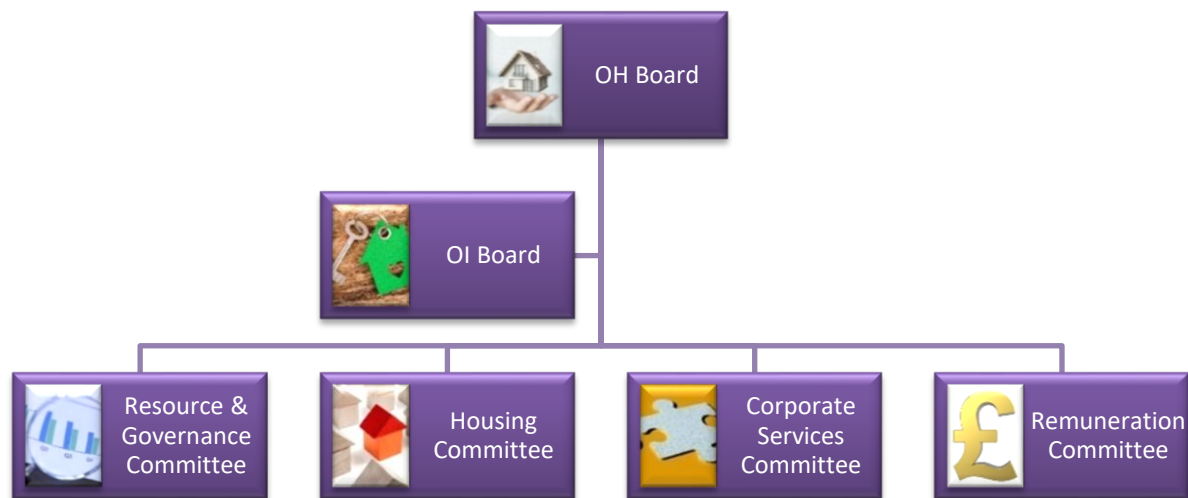
31 MARCH 2023

Governance and Management (continued)

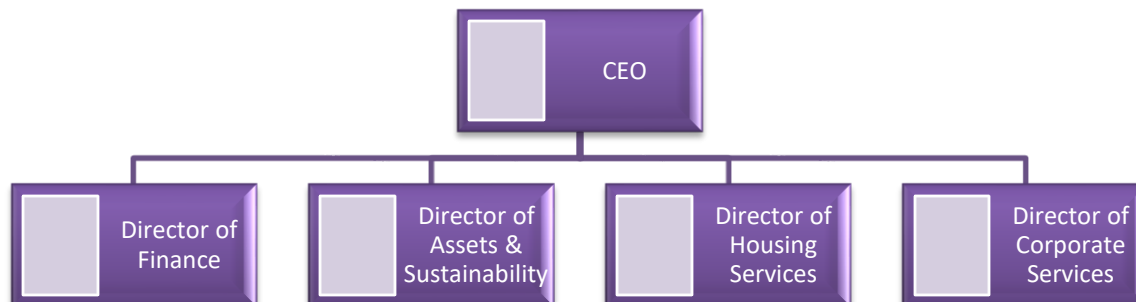
Evidence of those sources of assurance include:

- Performance monitoring reports on key business areas such as finance, Treasury Management, asset management, Health and Safety, Cyber Security, housing management, service delivery, development and risk management from the Chief Executive and Senior Leadership team
- Internal audit reports
- Reports and analysis from external auditors, appointed advisers and specialist consultant advisers who provide independent evaluation, feedback, and validation
- Consultation with Osprey Tenants and Residents Association and outcomes of scrutiny projects undertaken by the Association's Scrutiny Panel
- Assessment of information submitted to regulatory bodies

Our governance structure is detailed below:



The Group is led on a day-to-day basis by a highly skilled, knowledgeable, experienced and committed Leadership Team consisting of a Chief Executive and Directors responsible for each of the core disciplines.



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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)

31 MARCH 2023

Governance and Management (continued)

Our staff teams work between our headquarters in Westhill in Aberdeenshire and Elgin in Moray. We have fully developed hybrid working across our staff team, given our geographic area this has many benefits for tenants, staff and the organisation overall.

Our People

A clearly stated ambition of the Strategic Business Plan is a commitment to making the Group “A Great Place to Work”. Our approach is wide ranging encompassing effective human resource management processes, recruitment, training, retention, succession planning and talent management. This approach also applies to Board members as well as the staff team.

The Board recognises the importance of employee involvement and encourages engagement in all aspects of the business through a variety of methods and media. In this context the Board is delighted to report that Osprey are currently accredited with “Gold” standard Investors in People status. A challenging accreditation to achieve - this is a testament to the hard work, commitment, and diligence of the staff team throughout the organisation. The latest review in December 2022 showed progress on reaching the next level in accreditation.

OHL understands the positive impact of pro-active and engaging personal development opportunities for staff and Board members, and this has been incorporated into organisational wide training and events. A programme of organisational development to accelerate this has been continued for the year 2023-24 to further improve the motivation and effectiveness of our team.

This year’s plan also includes a wellbeing and resilience training programme to fully equip our team for the challenges they face as well as promoting and supporting their own wellbeing.

Overview of Activities and Performance

We have refocussed and redesigned the way we provide services to our tenants and customers to improve efficiency, performance and value for money. We have invested in technology and digital services over the last year to enhance this whilst retaining the right balance of personal service to our customers. Our key focus areas include;

1. Strengthening financial performance with both short and long term resilience
2. Improving services to tenants and other customers through continual improvement
3. Improving tenant engagement and satisfaction
4. Maximising the potential of digital services and connectivity for our tenants whilst advancing artificial intelligence and data integrity internally
5. Increasing the effectiveness of our strategic partnership working with local authorities to deliver both the wider sector and local priorities
6. Maximising our contribution to the provision of new homes through planned strategic growth of our stock portfolio

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Overview of Activities and Performance (continued)

The OHL/Group surplus remains healthy at the 31 March 2023 with surplus being in line with assumptions. However, with the impact of the economic climate being uncertain, detailed monitoring and review of budgets and forecasting remains of paramount importance. The financial business plan inclusive of 30-year projections is also subjected to ongoing stringent stress testing.

The OHL Board monitors corporate performance in terms of finance, operations, business services and asset management. A range of financial and non-financial ratios and indicators are produced on a quarterly basis to monitor how the organisation is performing. More importantly, this process is used to initiate early corrective action in any underperforming areas if required.

Performance against Key Performance Indicators (Core Business) is set out below:

KPI OHL	Actual	Target	Actual	Target
	2021/2022	2022/2023	2022/2023	2023/2024
Current rent arrears	2.8%	3.0%	3.4%	3.0%
Former rent arrears	1.0%	1.2%	1.2%	1.3%
Void loss	0.7%	0.7%	0.6%	1.0%
Void performance	34 days	25 days	31 days	25 days
Average completion time	2.5 hours	< 2.5 hours	2.8 hours	< 2.5 hours
- Emergency Repairs				
Average completion time	8.1 days	< 8 days	6.4 days	< 8 days
- Routine Repairs				
Board & Committee attendance	90%	80%	84%	80%
Staff attendance	99%	98%	99%	98%

Indicators in line with the Annual Return on the Charter (ARC) definitions were set for the year to 31 March 2023 based on historic and benchmark material, with targets agreed by the Board in May 2023.

The performance tables above demonstrate that the Board anticipated a consistency of performance aligned with the outcomes of the prior years. A focus remains particularly with respect to potential impact of the cost of living on levels of rent arrears however to date this has been managed and mitigated effectively to protect our income.

The operating and economic environment continues to present an uncertain backdrop, with high inflation leading to a cost of living crisis for many over a sustained period. Our business planning and budgeting retains a high degree of prudence in establishing our key financial targets which will be subject to regular monitoring by the Senior Leadership Team and the Board. Our performance overall has remained strong and consistent throughout the challenging 3 years since the start of the pandemic, with operating surplus meeting targets and our lender covenants being comfortably attained.

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ESG - Environmental, Social and Governance

ESG outlines the criteria about the ethical status of an organisation, these standards are the central factors that measure both the ethical impact and sustainability of a company, particularly from an environmental sustainability and investment perspective.

The ethos of ESG aligns with Osprey’s values, principles and ambitions and is part of our culture and how we operate as a business. Therefore, it forms the foundation for how we want to progress into the future. There are many benefits for Osprey aligning ESG with the Strategic Business Plan – a strong ESG proposition can help create enormous business value across the organisation.

The Sustainability Reporting Standard for Social Housing (SRS) was launched in November 2020 to measure the sectors response to ESG and provide a clear framework promoting transparency, comparability and benchmarking.

This is making it easier for lenders and investors to assess the ESG performance of housing providers, identify ESG risks and pursue opportunities to create positive social and environmental outcomes. The SRS is a voluntary reporting framework, covering 48 criteria across ESG considerations such as zero carbon targets, affordability, safety and resident voice with the following key outcomes:

- **Environmental** – Osprey are already committed to embedding sustainability across the full range of our activities. **The ‘E’ strand** will be delivered by how we run our business operationally, how we invest in and improve our current properties, and how we develop new homes fit for the future.
- **Social** - ‘Social purpose’ already exists at the core of our organisation - our vision, our values, and ambitions. **The ‘S’ strand** is part of who we are as an organisation and our ethos. Therefore, the delivery of this is intertwined into our day-to-day activities and outcomes.
- **Governance** - Strong compliant governance and assurance are part of the structure of Osprey and frameworks we already have in place. Osprey already embrace regulatory standards and provision of annual assurance statement delivering **the ‘G’ strand** positively and pro-actively in the way we operate. Good governance is one of our guiding principles and we need to ensure we sustain this and continually improve.

Osprey have made a commitment to ESG by formally adopting the SRS framework, this will complement our existing reporting and we will commit to sharing these outcomes annually.

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31 MARCH 2023

Digital Development

We made significant progress through delivery of our Digital Strategy action plan during 2021-23 which was focussed on our aim to deliver efficient, effective services and working practices.

This included some key milestones for Osprey;

- Fully migrated to cloud using MS Office 365 including digitalisation of all our filing, now operationally paperless
- Implementation of a new cloud based housing database, Homemaster, including a tenant portal
- Implementation of an online Choice Based letting system.
- Online phone system implemented via Microsoft Teams to improve our internal communications
- Implementation of online HR and Payroll system with staff App facility
- Achievement of Cyber Essentials accreditation, with the Cyber Essentials plus status being achieved in May 2023 following a comprehensive audit of our systems

Future Growth

The Strategic plan outlines the ambition to continue to build more affordable homes in a sustainable way that compliments the current stock portfolio and delivers housing fit for the future. During the 2022-23 year we have delivered 78 new homes. The current Strategic Business Plan and lending profile allows us to continue our growth towards our aim of owning 2,000 units within the next 5 years.

We continue to work closely with our local authority partners and retaining good relationships with existing developer partners. New developments have continued to be delivered through Section 75 Agreements. This has proven to be an efficient, effective, and lower risk model for the Group and enabled a successful development programme while keeping related overheads manageable. The programme has contributed significantly to our improved financial position and steady growth.

Treasury Management

The Board's agreed policy is that the Group should not enter into transactions of a speculative nature. At 31 March 2023, the Group had an appropriate mix of fixed and variable rate finance following reduction of our variable finance in the midst of the current high interest rates. This has been a planned proactive step in managing our finances.

Osprey undertook a review of their treasury management with the assistance of consultants, Chatham Financial in November 2021. This review was comprehensive and resulted in securing and extending Revolving Credit Facilities (RCF) of £25M on improved terms with our current lender, Lloyds Banking Group in April 2022. This was extended for a further year in June 2023.

OSPREY HOUSING LIMITED
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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)

31 MARCH 2023

Going Concern

In response to high inflation and the cost of living crisis, the Board and the Senior Leadership Team have undertaken a careful analysis and review of the financial position of the Group and its longer term financial outlook. Our business planning projections now incorporate revised assumptions on levels of inflation, potential rent increases and bad debt provision. The Group's expenditure budgets and investment plans have been revised accordingly to ensure our continuing financial strength and compliance with all lenders' financial covenants. The Board is satisfied, on the basis of the stress testing and scenario planning undertaken, that it remains appropriate to prepare the financial statements on a going concern basis.

Health and Safety

Board Members are aware of their responsibilities in respect of the Health & Safety at Work Act 1976 and a wide range of associated legislation. The Governing Bodies have reviewed health and safety systems and, the arrangements in place across the Group. The Board is reassured of compliance both in respect of direct service provision and on behalf of those organisations to which services are provided. In addition, there is a Health and Safety Committee which meets at least bi-monthly with members of the Board, leadership team and staff team representatives to embed H&S as part of our culture.

Health and Safety is a standing item on governing body, internal management and staff meetings and our Health and Safety systems are subject to internal audit through our membership of EVH.

Financial Review

The Group achieved an operating surplus for the year of £3.4m (2022: £3.8m).

Income from social letting activities rose by 2.0% to £11.0m (2022: £10.7m). This is a good outcome as Osprey Housing implemented a second consecutive rent freeze for the financial year 2022-23. A rent increase of 4% has been applied from 1 April 2023, which is considerably below inflation and benchmark rent increases across the sector.

Operating costs include expenditure on reactive, cyclical and planned maintenance totalling £2.2m (2022: £1.9m), with an additional spend of £2.4m (2022: £1.4m) being treated as capital expenditure. Expenditure on planned maintenance is derived from 30 year life cycle costing reports designed to ensure that all housing properties are maintained to a specific standard, thereby continuing to extend the useful life of the properties.

The total comprehensive income for the Group was £2.8m (2022: £3.2m). This incorporates an actuarial gain of £1.4m (2022: £0.4m), offset by £1.4m of staff costs (2022: £0.1m) in respect of the North East of Scotland Local Government Pension Scheme (NESPF) and the Scottish Housing Association Pension Scheme (SHAPS). The actuarial gain or loss on the pension schemes is calculated by the pension trustees and adopts the independent actuary's central assumptions in each reporting period and was impacted by the decision to exit the NESPF on 31 December 2022.

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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)

31 MARCH 2023

Financial Review - continued

At 31 March 2023, the Group's total reserves amounted to £24.1m (2022: £21.3m), an increase of £2.8m (2022: 3.2m) from 31 March 2022. The increase in reserves is attributed to the surpluses achieved by the Group in the year to 31 March 2023.

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 2023, six months operating costs equate to approximately £3.6m, including all repairs. This target has been met in the current financial year. Undesignated revenue reserves at 31 March 2023 are £24.1m (2022: £21.5m).

During 2022-23, Osprey Housing has taken considerable steps to mitigate the impact of significant financial risk by minimising our exposure to variable rate debt, following unprecedented rises in interest rates. To achieve this, we have repaid over £10m, from a combination of property sales and cash reserves. This has enabled us to reduce our Revolving Credit Facility (RCF) debt to £1.5m. This has resulted in a net current liability position at the year end which will be managed through a combination of positive cashflows and draw down from the RCF.

We have also addressed our Pension liabilities, by exiting the Defined Benefit scheme provided through North East Scotland Pension Fund (NESPF). This was undertaken following extensive staff consultation with colleagues being transitioned to a Defined Contribution scheme effective from 1st January 2023. The exit sum of £260,000 was paid in full therefore removing future liabilities and associated financial risk. The final stage in this process will be to terminate our membership of the Scottish Housing Association Pension Scheme (SHAPS). This was completed on 31 July 2023 with the exit sum being determined by the end of 2023-24. The estimate received prior to submitting our termination was £221k and this is not expected to materially change. The accounts recognise the full defined benefit liability in accordance with FRS 102.28 in respect of the SHAPS scheme at the year end as an exit had not occurred by the year end. The exit from the NESPF is recognised in these accounts and no pension liability remains at 31 March 2023.

Rent Policy

The Board has taken significant steps to minimise rent increases with two consecutive years of rent freezes during 2021 and 2022 resulting in our average rents moving closer to sector averages. This year a hugely different scenario was present following the emergency legislation period imposed by the Scottish Government in an attempt to tackle the cost of living crisis. Through extensive engagement with the Scottish Federation of Housing (SFHA) the sector worked collaboratively for the restrictions to be eased in January 2023. Osprey undertook extensive rent consultation proposing options for 3, 4 and 5% rent increases from April 2023. Inflation at the time was 10% therefore we were able to demonstrate how we could mitigate the impact of this on tenants despite our own increasing costs. This further demonstrates the strength and ability of Osprey's increased capacity as a single entity RSL, allowing us to do more to support our tenants.

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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)

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Rent Policy - continued

From 1st April 2023 we also encompassed core service charges into rent charges, again further protecting tenants from market related spikes in costs, allowing this to be more evenly distributed whilst minimising the administrative workload associated with service charges operationally.

Rent affordability will continue to be critical to the wellbeing of both our tenants and Osprey. Regular stress testing through affordability analysis is a feature of our approach to rent setting.

Credit Payment Policy

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

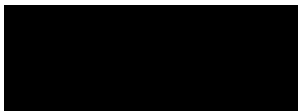
Statement as to Disclosure of Information to Auditors

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 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 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



Michael Scott
Chair

Date: 23 August 2023

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF BOARD RESPONSIBILITIES

31 MARCH 2023

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 2018.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 – February 2019. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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BOARD'S STATEMENT ON INTERNAL FINANCIAL CONTROL

31 MARCH 2023

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; and
- The Board have completed a Strategic Risk Map and identified the controls necessary to manage and mitigate the risks identified.

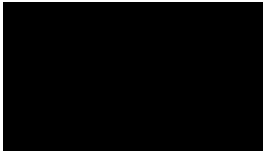
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BOARD'S STATEMENT ON INTERNAL FINANCIAL CONTROL
(Continued)

31 MARCH 2023

The Board has reviewed the system of internal financial control in the Group during the year ended 31 March 2023. 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



Michael Scott
Chair

Date: 23 August 2023

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

**REPORT BY THE AUDITORS TO THE MEMBERS OF OSPREY HOUSING
LIMITED ON CORPORATE GOVERNANCE MATTERS**

31 MARCH 2023

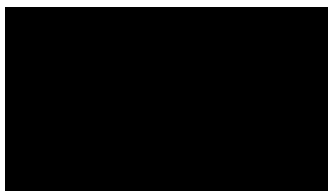
In addition to our audit of the Financial Statements, we have reviewed your statement on Pages 18 to 19 concerning the Housing Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory 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 18 to 19 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.



RSM UK AUDIT LLP
Statutory Auditor
Chartered Accountants
Third Floor, 2 Semple Street
Edinburgh
EH3 8BL

Date: 25/09/23

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF OSPREY HOUSING LIMITED

31 MARCH 2023

Opinion

We have audited the financial statements of Osprey Housing Limited (the ‘Association’) and its subsidiaries (the ‘group’) for the year ended 31 March 2023 which comprise the statement of comprehensive income – group, statement of comprehensive income – association, statement of financial position – group, statement of financial position – association, statement of changes in reserves – group, statement of changes in reserves – association, statement of cash flows – group, statement of cash flows – association and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice).

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 2023 and of the group’s and the Association’s income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 – February 2019.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the financial statements section of our report. We are independent of the group and the parent association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group’s or the association’s ability to continue as a going concern basis for a period of at least twelve months from when the financial statements are authorised for issue.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OSPREY HOUSING LIMITED
(Continued)

31 MARCH 2023

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information contained within the annual report. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Board (incorporating Strategic Report) for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the Board (incorporating Strategic Report) has been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent Association and their environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board (incorporating Strategic Report).

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OSPREY HOUSING LIMITED
(Continued)

31 MARCH 2023

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

- adequate accounting records have not been kept by the Association, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Association 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.

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 17, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible for assessing the group's and Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board either intends to liquidate the group or the association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OSPREY HOUSING LIMITED
(Continued)

31 MARCH 2023

The extent to which the audit was considered capable of detecting irregularities, including fraud

Irregularities are instances of non-compliance with laws and regulations. The objectives of our audit are to obtain sufficient appropriate audit evidence regarding compliance with laws and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements, to perform audit procedures to help identify instances of non-compliance with other laws and regulations that may have a material effect on the financial statements, and to respond appropriately to identified or suspected non-compliance with laws and regulations identified during the audit.

In relation to fraud, the objectives of our audit are to identify and assess the risk of material misstatement of the financial statements due to fraud, to obtain sufficient appropriate audit evidence regarding the assessed risks of material misstatement due to fraud through designing and implementing appropriate responses and to respond appropriately to fraud or suspected fraud identified during the audit.

However, it is the primary responsibility of management, with the oversight of those charged with governance, to ensure that the entity's operations are conducted in accordance with the provisions of laws and regulations and for the prevention and detection of fraud.

In identifying and assessing risks of material misstatement in respect of irregularities, including fraud, the group audit engagement team:

- obtained an understanding of the nature of the sector, including the legal and regulatory frameworks that the group and the Association operates in and how the group and the Association are complying with the legal and regulatory frameworks;
- inquired of management, and those charged with governance, about their own identification and assessment of the risks of irregularities, including any known actual, suspected or alleged instances of fraud;
- discussed matters about non-compliance with laws and regulations and how fraud might occur including assessment of how and where the financial statements may be susceptible to fraud.

As a result of these procedures, we consider the most significant laws and regulations that have a direct impact on the financial statements are the Companies Act 2006, FRS 102, the Housing SORP 2018, the Scottish Housing Regulator's Determination of Accounting Requirements – February 2019 and the Housing (Scotland) Act 2010. We performed audit procedures to detect non-compliances which may have a material impact on the financial statements which included reviewing financial statement disclosures.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF OSPREY HOUSING LIMITED
(Continued)

31 MARCH 2023

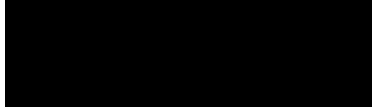
The most significant laws and regulations that have an indirect impact on the financial statements are the Housing (Scotland) Acts 2006 and 2014, the Scottish Housing Regulator's Regulatory Framework (published 2019) and the Data Protection Act 2018. We performed audit procedures to inquire of management whether the group is in compliance with these laws and regulations and inspected correspondence with licensing or regulatory authorities, including a search of the Information Commissioner's Office register.

The group audit engagement team identified the risk of management override of controls, cut off in relation to grant and other income, and existence of rental income as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business and challenging judgments and estimates. In respect of grant and rental income, audit procedures performed included assessing a sample of grants pre and post year end to confirm recorded in the correct period; and evaluating a sample of rent on properties to confirm that this was calculated correctly and any voids were appropriately treated.

A further description of our responsibilities for the audit of the financial statements is provided on the Financial Reporting Council's website at: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Use of our report

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 auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.



KELLY ADAMS (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP
Chartered Accountants
Third Floor, 2 Semple Street
Edinburgh
EH3 8BL

Date: 25/09/23

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF COMPREHENSIVE INCOME – GROUP
FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Turnover	2a	11,213,508	11,136,198
Less: Operating Costs	2a	(8,713,100)	(7,264,958)
Gain/(Loss) on disposal of Property		934,440	(85,695)
Operating Surplus	2a	<u>3,434,848</u>	<u>3,785,545</u>
Business combination - Excess of fair value of assets over the fair value of liabilities acquired		-	732,126
Fair value (loss) on Investment Property	10f	(107,500)	-
Interest receivable and other income		34,059	-
Interest payable and similar charges	5	<u>(1,969,809)</u>	<u>(1,671,827)</u>
Surplus before taxation	6	1,391,598	2,845,844
Taxation	8	-	-
Surplus for the year		<u>1,391,598</u>	<u>2,845,844</u>
Actuarial gain on pension schemes	23	1,399,000	396,000
Total Comprehensive Income for the year		<u><u>2,790,598</u></u>	<u><u>3,241,844</u></u>

The results relate primarily to continuing activities. MMR activities have been discontinued in the year however please refer to the accounting policies on page 35 to explain why no discontinued operations are reported separately in these financial statements.

The accompanying notes on pages 34 to 76 form part of these financial statements.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF COMPREHENSIVE INCOME – ASSOCIATION

FOR THE YEAR ENDED 31 MARCH 2023

	Notes	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Turnover	2b	10,460,948	10,512,000
Less: Operating Costs	2b	(8,428,715)	(6,772,609)
Gain/(Loss) on disposal of Property		706,031	(85,695)
Operating Surplus	2b	<u>2,738,264</u>	<u>3,653,696</u>
Business combination - Excess of fair value of assets over the fair value of liabilities acquired		-	15,847,954
Fair value (loss) on Investment Property	10f	(107,500)	-
Interest receivable and other income		31,267	-
Interest payable and similar charges	5	(1,969,809)	(1,671,827)
Surplus for the year	6	<u>692,222</u>	<u>17,829,823</u>
Actuarial gain on pension scheme	23	1,399,000	396,000
Total Comprehensive Income for the year		<u><u>2,091,222</u></u>	<u><u>18,225,823</u></u>

The results relate wholly to continuing activities.

The accompanying notes on pages 34 to 76 form part of these financial statements.

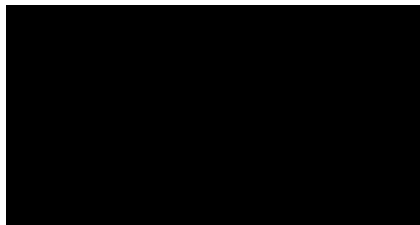
OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION – GROUP AS AT 31 MARCH 2023
Company Number: SC198586

	Notes	31 March 2023 £	31 March 2022 £
Intangible Fixed Assets	9	7,299	32,284
Tangible Fixed Assets			
Housing Properties	10a	136,396,698	136,970,933
Other Fixed Assets	10d	503,942	533,020
Investment Properties	10f	292,500	400,000
		137,193,140	137,903,953
Current Assets			
Debtors	12	809,660	2,340,346
Cash at bank and in hand		3,337,531	7,783,264
		4,147,191	10,123,610
Creditors: amounts falling due within one year	13	(4,760,562)	(4,499,783)
Net current (liabilities)/assets		(613,371)	5,623,827
Total assets less current liabilities		136,587,068	143,560,064
Creditors: amounts falling due after more than one year	14	(112,449,907)	(122,030,501)
Net assets excluding pension liability		24,137,161	21,529,563
Defined benefit pension liability	23	(33,000)	(216,000)
Net Assets including pension liability		24,104,161	21,313,563
Capital and Reserves			
Share Capital	20	35	35
General Reserve	21	24,137,126	21,529,528
Pension Reserve	22	(33,000)	(216,000)
		24,104,161	21,313,563

These financial statements on pages 34 to 76 were approved by the Board, authorised for issue on 23 August 2023, and signed on their behalf by:

Board Member



Michael Scott

Board Member

Leslie Allan

Board Member

Robert Hepburn

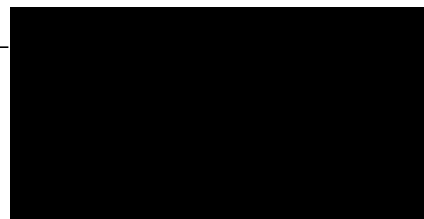
OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION – ASSOCIATION AS AT 31 MARCH 2023
Company Number: SC198586

	Notes	31 March 2023 £	31 March 2022 £
Intangible Fixed Assets	9	7,299	32,284
Tangible Fixed Assets			
Housing Properties	10b	118,951,136	119,133,234
Other Fixed Assets	10e	503,942	533,020
Investment Properties	10f	292,500	400,000
		119,747,578	120,066,254
Fixed Asset Investments			
Investments	11	100	100
Current Assets			
Debtors	12	807,663	2,318,793
Cash at bank and in hand		2,959,152	7,373,922
		3,766,815	9,692,715
Creditors: amounts falling due within one year	13	(4,147,605)	(3,866,882)
Net current (liabilities)/assets		(380,790)	5,825,833
Total assets less current liabilities		119,374,187	125,924,471
Creditors: amounts falling due after more than one year	14	(88,251,415)	(96,709,921)
Net assets excluding pension liability		31,122,772	29,214,550
Defined Benefit pension liability	23	(33,000)	(216,000)
Net Assets including pension liability		31,089,772	28,998,550
Capital and Reserves			
Share Capital	20	35	35
General Reserve	21	31,122,737	29,214,515
Pension Reserve	22	(33,000)	(216,000)
		31,089,772	28,998,550

These financial statements on pages 34 to 76 were approved by the Board, authorised for issue on 23 August 2023, and signed on their behalf by:

Board Member



Michael Scott

Board Member

Leslie Allan

Board Member

Robert Hepburn

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF CHANGES IN RESERVES - GROUP

FOR THE YEAR ENDED 31 MARCH 2023

	Share Capital	Income and expenditure reserve	Pension Reserve	Total
	£	£	£	£
Balance at 1 April 2021	30	18,557,684	(486,000)	18,071,714
Surplus for the year	-	2,845,844	-	2,845,844
Actuarial gain on pension schemes	-	396,000	-	396,000
Transfer (to)/from pension reserve	-	(270,000)	270,000	-
Share capital issued	24	-	-	24
Share capital cancelled	(19)	-	-	(19)
Balance as at 31 March 2022	35	21,529,528	(216,000)	21,313,563
Surplus for the year	-	1,391,598	-	1,391,598
Actuarial gain on pension schemes	-	1,399,000	-	1,399,000
Transfer (to)/from pension reserve	-	(183,000)	183,000	-
Balance at 31 March 2023	35	24,137,126	(33,000)	24,104,161

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF CHANGES IN RESERVES - ASSOCIATION

FOR THE YEAR ENDED 31 MARCH 2023

	Share Capital	Income and expenditure reserve	Pension Reserve	Total
	£	£	£	£
Balance at 1 April 2021	-	11,177,692	(405,000)	10,772,692
Surplus for the year	-	17,829,823	-	17,829,823
Actuarial gain on pension schemes	-	396,000	-	396,000
Transfer (to)/from pension reserve	-	(189,000)	189,000	-
Share capital issued	54	-	-	54
Share capital cancelled	(19)	-	-	(19)
Balance as at 31 March 2022	35	29,214,515	(216,000)	28,998,550
Surplus for the year	-	692,222	-	692,222
Actuarial gain on pension schemes	-	1,399,000	-	1,399,000
Transfer (to)/from pension reserve	-	(183,000)	183,000	-
Balance at 31 March 2023	35	31,122,737	(33,000)	31,089,772

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF CASHFLOWS - GROUP

YEAR TO 31 MARCH 2023

	Notes	2023 £	2022 £
NET CASH GENERATED FROM OPERATING ACTIVITIES	16	1,172,362	4,887,937
<hr/>			
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(11,993,690)	(7,758,467)
Proceeds from sale of tangible fixed assets		11,443,876	219,433
Grants received		7,422,887	3,957,938
Interest received		34,059	-
Cash acquired on business combinations		-	228,787
NET CASH (USED IN) INVESTING ACTIVITIES		<u>6,907,132</u>	<u>(3,352,309)</u>
<hr/>			
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(2,050,481)	(1,588,341)
Cancelled shares		-	(19)
Repayments of borrowings		(10,474,746)	(588,722)
NET CASH (USED IN) FINANCING ACTIVITIES		<u>(12,525,227)</u>	<u>(2,177,082)</u>
<hr/>			
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(4,445,733)	(641,454)
<hr/>			
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		7,783,264	8,424,718
<hr/>			
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>3,337,531</u>	<u>7,783,264</u>
<hr/>			
Relating to:			
Bank balances and short term deposits included in cash at bank and in hand		3,337,531	7,783,264
Overdrafts included in "creditors: amounts falling due within one year"		-	-
		<u>3,337,531</u>	<u>7,783,264</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF CASHFLOWS - ASSOCIATION

YEAR TO 31 MARCH 2023

	Notes	2023 £	2022 £
NET CASH GENERATED FROM OPERATING ACTIVITIES	16	1,701,903	5,117,390
<hr/>			
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(11,993,690)	(7,758,467)
Proceeds from sale of tangible fixed assets		10,948,090	219,433
Grants received		7,422,887	3,957,938
Interest received		31,267	-
Cash acquired on business combinations		-	3,006,908
NET CASH (USED IN) INVESTING ACTIVITIES		<u>6,408,554</u>	<u>(574,188)</u>
<hr/>			
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(2,050,481)	(1,588,341)
Cancelled shares		-	(19)
Repayments of borrowings		(10,474,746)	(588,722)
NET CASH (USED IN) FINANCING ACTIVITIES		<u>(12,525,227)</u>	<u>(2,177,082)</u>
<hr/>			
NET INCREASE IN CASH AND CASH EQUIVALENTS		(4,414,770)	2,366,120
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>7,373,922</u>	<u>5,007,802</u>
<hr/>			
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>2,959,152</u>	<u>7,373,922</u>
<hr/>			
Relating to:			
Bank balances and short term deposits included in cash at bank and in hand		2,959,152	7,373,922
Overdrafts included in "creditors: amounts falling due within one year"		-	-
		<u>2,959,152</u>	<u>7,373,922</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2023

1. Accounting Policies

The Association is a private company limited by guarantee registered in Scotland under the Companies Act 2006 (registered number SC198586) and is registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010 (registered number 312). The address of the Association's registered office and principal place of business is 22 Abercrombie Court, Prospect Road, Arnhall Business Park, Westhill, Aberdeen, AB32 6FE. The Association's principal activities and the nature of the Association's operations are detailed in the Report of the Board.

Osprey Housing Limited meets the definition of a Public Benefit Entity.

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 2018 "Statement of Recommended Practice for Registered Housing Providers" and they comply with the Determination of Accounting Requirements 2019, and under the historical cost convention.

The financial statements are prepared in Sterling (£).

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.

Principal judgements

- The Association classes all of its loans as basic financial instruments including agreements with break clauses. The Association recognises basic financial instruments in accordance with Section 11 of Financial Reporting Standard 102.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

AS AT 31 MARCH 2023

1. Accounting Policies (continued)

Critical Accounting Estimates and Areas of Judgement (continued)

Principal judgements - continued

- The Association participates in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in Note 23). The net defined benefit pension liability at 31 March 2023 was £33,000 (2022: £216,000).
- In the year, the Group ceased its MMR trade (which was held within its wholly owned subsidiary, Osprey Initiatives Limited). As the MMR trade in itself and the remaining assets and liabilities held within OIL at 31 March 2023 are not material to the financial statements no separate disclosure has been made in respect of discontinued operations in these financial statements.

Critical accounting estimates

- In estimating the useful lives of housing properties and capitalised components
- In estimating depreciation rates to be applied to housing properties, capitalised components and other fixed assets
- In estimating grant amortisation
- In estimating the recoverable amounts of rental and other trade receivables
- In determining the value of the Association's share of defined benefit pension scheme assets and obligations, the valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds

Going Concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out within the Report of the Board.

In response to a high inflation environment and the cost of living crisis, the Board and the Senior Leadership Team have undertaken a careful analysis and review of the financial position of the Group and its longer term financial outlook.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

AS AT 31 MARCH 2023

1. Accounting Policies (continued)

Going Concern (continued)

Our business planning projections now incorporate revised assumptions on levels of inflation, potential rent increases and bad debt provision. The Groups expenditure budgets and investment plans have been revised accordingly to ensure our continuing financial strength and compliance with all lenders' financial covenants.

The Group's financial projections demonstrate that it has sufficient financial resources to ensure that it meets its commitments in the short, medium and longer term. Therefore, the Board believes that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook.

The Board has a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future which is defined as 12 months after the date of these financial statements. For this reason, the going concern basis has been adopted in these Financial Statements.

Consolidation

The accounts consolidate the results and net assets of the Association's wholly owned subsidiary entity, Osprey Initiatives Limited (a private company limited by shares registered in Scotland), using acquisition accounting.

Business Combination

Assets and liabilities acquired through a business combination are recognised at fair value. Combinations which are for £nil consideration are treated as a public benefit entity combination that is in substance a gift with any excess of fair value of the assets received over the fair value of the liabilities acquired being recognised as income within the Statement of Comprehensive Income.

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.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

AS AT 31 MARCH 2023

1. Accounting Policies (continued)

Turnover (continued)

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

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

Service Charges

Surpluses and deficits arising on the provision of services to the Association's tenants are held in service equalisation accounts and are carried forward and used to adjust charges levied in future years.

Intangible Fixed Assets (note 9)

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. Intangible assets are amortised over the following rate

IT Software 10% - 25% per annum straight line

Amortisation is charged to Operating Costs within the Statement of Comprehensive Income.

Tangible fixed assets – Housing Properties (note 10)

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 and are therefore classed as property, plant and equipment rather than investment properties in accordance with the SORP.

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

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

AS AT 31 MARCH 2023

1. Accounting Policies (continued)

Tangible fixed assets – Housing Properties (note 10) (continued)

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:

- 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
- 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 Statement of Comprehensive Income.

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 2018.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

AS AT 31 MARCH 2023

1. Accounting Policies (continued)

Investment Properties

Investment property represents the proportion of the Group's office property that is held to generate rental income for the Group. This therefore falls under the definition of a mixed use property and this proportion is held at fair value. Any changes in the valuation are recorded through the income and expenditure account.

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
Kitchen	20 years
Bathroom	25 years
Doors	25 years
Windows	25 years
Heating System	30 years
Boiler	15 years
Insulation	20 years

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
Office Property	2% per annum straight line

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
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

AS AT 31 MARCH 2023

1. Accounting Policies (continued)

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.

Other Grants

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

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 operating costs 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
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

AS AT 31 MARCH 2023

1. Accounting Policies (continued)

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.

Operating Leases

Rentals paid in respect of operating leases are charged to the Statement of Comprehensive Income.

Value Added Tax

A Group VAT registration was granted, effective from 1 May 2013. The Osprey Housing Group is partially exempt and irrecoverable VAT is calculated throughout the year. As such, expenditure in these financial statements is shown as VAT inclusive.

Deposits and Liquid Resources

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

Investments

Investments are stated at cost.

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
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

1. Accounting Policies (continued)

Gift Aid

OIL has a policy of considering distributing, by way of a dividend of gift aid, an amount up to the taxable profits each year to OHL its ultimate parent undertaking.

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 of OIL are responsible for formally agreeing the amount, if any, to be distributed each year. The donation is recognised when paid and is not accrued as no legal covenant to distribute profit exists.

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.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

1. Accounting Policies (continued)

Financial Instruments (continued)

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.

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.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

1. Accounting Policies (continued)

Pensions

OHL participated in a defined benefit scheme operated by the North East Scotland Pension Fund until 31 December 2022 when it exited the scheme. This was undertaken following extensive staff consultation with colleagues being transitioned to a Defined Contribution scheme effective from 1st January 2023. The exit sum was paid in full therefore removing future liabilities and associated financial risk. The transactions arising from the exit from the NESPF are recognised in these accounts and no pension liability remains at 31 March 2023.

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

The Association has sufficient information to enable it to account for the Scheme as a defined benefit scheme.

For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September 2021. The liabilities are compared, at the relevant accounting date, with the Association's fair share of the Scheme's total assets to calculate the Association's net deficit or surplus.

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) 102 Section 28: Retirement Benefits to recognise 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, and the scheme is valued in these financial statements using defined benefit accounting using these actuarial valuations. The contributions charged are recognised in the periods in which they arise.

The scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

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

	Note	Turnover	Operating Costs	Gain/(Loss) on Disposal of fixed assets	Operating Surplus	Operating Surplus for Previous period of account
		£	£	£	£	£
Affordable Lettings	3a	10,956,339	(8,477,622)	-	2,478,717	4,023,840
Other activities	3c	257,169	(235,478)	-	21,691	(152,600)
Gain/(Loss) on disposal of fixed assets		-	-	934,440	934,440	(85,695)
Total		<u>11,213,508</u>	<u>(8,713,100)</u>	934,440	3,434,848	3,785,545
Total for previous period		<u>11,136,198</u>	<u>(7,264,958)</u>	(85,695)	3,785,545	

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

	Note	Turnover	Operating Costs	Gain/(Loss) on Disposal of fixed assets	Operating Surplus	Operating Surplus for Previous period of account
		£	£	£	£	£
Affordable Lettings	3b	9,811,289	(8,146,314)	-	1,664,975	3,462,154
Other activities	3d	649,659	(282,401)	-	367,258	277,237
Gain/(Loss) on disposal of fixed assets		-	-	706,031	706,031	(85,695)
Total		<u>10,460,948</u>	<u>(8,428,715)</u>	706,031	2,738,264	3,653,696
Total for previous period		<u>10,512,000</u>	<u>(6,772,609)</u>	(85,695)	3,653,696	

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

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

Group	2023	2022
	£	£
Rents receivable net of identifiable service charges	9,526,209	9,348,356
Service charges	181,853	179,930
Gross income from rents and service charges	9,708,062	9,528,286
Less: voids	(60,120)	(95,956)
Net income from rents and service charges	9,647,942	9,432,330
Grants released from deferred income	1,308,397	1,307,064
Other revenue grants	-	-
Total turnover from affordable letting activities	10,956,339	10,739,394
Management and maintenance administration costs	3,951,209	2,593,992
Service costs	233,360	199,315
Planned and cyclical maintenance including major repairs costs	495,799	441,604
Reactive maintenance costs	1,683,240	1,262,199
Bad debts – rent and service charges	66,031	72,150
Depreciation of social housing	2,047,983	2,146,294
Operating costs for affordable letting activities	8,477,622	6,715,554
Operating surplus for affordable lettings	2,478,717	4,023,840
Operating surplus for affordable lettings for previous period of account	4,023,840	

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

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

	2023	2022
Association		
	£	£
Rents receivable net of identifiable service charges	8,966,054	8,677,188
Service charges	181,853	179,930
Gross income from rents and service charges	9,147,907	8,557,118
Less: voids	(49,710)	(63,912)
Net income from rents and service charges	9,098,197	8,793,206
Grants released from deferred income	713,092	777,437
Other revenue grants	-	-
Total turnover from affordable letting activities	9,811,289	9,570,643
Management and maintenance administration costs	3,883,898	2,450,320
Service costs	227,142	178,944
Planned and cyclical maintenance including major repairs costs	488,842	422,669
Reactive maintenance costs	1,571,918	1,171,356
Bad debts – rent and service charges	51,291	62,181
Depreciation of social housing	1,923,223	1,823,019
Operating costs for affordable letting activities	8,146,314	6,108,489
Operating surplus for affordable lettings	1,664,975	3,462,154
Operating surplus for affordable lettings for previous period of account	3,462,154	

OSPREY HO262SING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

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	-	121,052	-	-	121,052	-	148,575	(27,523)	-
Factoring	-	-	-	-	-	-	-	-	897
Development and construction of property	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	(2,064)
Other agency/management services	-	-	-	-	-	-	-	-	(13,159)
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non- registered social landlords	-	-	-	-	-	-	-	-	-
Other activities	46,698	-	-	89,419	136,117	-	86,903	49,214	(138,274)
Total from other activities	46,698	121,052	-	89,419	257,169	-	235,478	21,691	(152,600)
Total from other activities for the previous period of account	42,575	44,768	-	309,461	396,804	119,613	429,791	(152,600)	

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

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

	Grants from Scottish Minister s £	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	-	121,052	-	-	121,052	-	148,575	(27,523)	(120)
Factoring	-	-	-	-	-	-	-	-	897
Development and construction of property	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	46,923	46,923	-	46,923	-	-
Developments for sale to RSLs	-	-	-	-	-	-	-	-	-
Mid-Market Rent Lease Income	-	-	-	345,567	345,567	-	-	345,567	414,681
Other activities	46,698	-	-	89,419	136,117	-	86,903	49,214	(138,221)
Total from other activities	46,698	121,052	-	481,909	649,659	-	282,401	367,258	277,237
Total from other activities for the previous period of account	42,575	44,648	-	854,134	941,357	119,613	544,507	277,237	

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

4. Housing Stock

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

Group and Association

	2023	2022
	No	No
General Needs	1,762	1,686
Mid-Market	-	88
Shared Ownership (LIFT properties)	29	29
Factoring (Owner Occupiers)	-	20
Total units in management	<u>1,791</u>	<u>1,823</u>

The Association added 78 general needs units during the year through New Build development and sold 2 properties on the open market. The association also sold all 88 Mid-Market units to another RSL following the Board's decision to exit that particular housing tenure. Factoring operations have also reduced following a review of title deeds and cost/benefit analysis.

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

Group and Association

	2023	2022
	No	No
Leased units to Aberdeenshire Council	3	3
Leased to Other Third Parties	2	2
	<u>5</u>	<u>5</u>

5. Interest payable

Group

	2023	2022
	£	£
Loan Interest	1,967,809	1,663,827
Net finance cost on pension liability	2,000	8,000
	<u>1,969,809</u>	<u>1,671,827</u>

Association

Loan Interest	1,967,809	1,663,827
Net finance cost on pension liability	2,000	8,000
	<u>1,969,809</u>	<u>1,671,827</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

6. Operating Surplus

This is stated after charging the following:

	2023	2022
Group	£	£
Directors' remuneration	322,944	357,503
Auditors' remuneration – audit services	40,353	41,596
Other bodies relating to Auditor	8,640	12,804
Internal Audit	10,056	12,720
Operating leases	24,307	17,138
Cessation loss on closure of Local Government Pension Scheme	1,412,000	-
Release of capitalised facility fee	39,732	31,732
Amortisation of intangible fixed assets	24,985	31,812
Depreciation of housing properties	2,047,983	2,146,294
Depreciation of other tangible fixed assets	39,584	36,210
	<hr/>	<hr/>
Association		
Directors' remuneration	322,944	357,503
Auditors' remuneration – audit services	33,031	33,894
Other bodies relating to Auditor	5,322	9,700
Internal Audit	10,056	12,720
Cessation loss on closure of Local Government Pension Scheme	1,412,000	-
Operating leases	24,307	17,138
Release of capitalised facility fee	39,732	31,732
Amortisation of intangible fixed assets	24,985	31,812
Depreciation of housing properties	1,923,223	1,823,019
Depreciation of other tangible fixed assets	39,584	36,210
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OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

7. Employees

	2023	2022
Group and Association	£	£
Wages and salaries	1,234,432	1,266,921
Social Security costs	138,567	122,072
Other Pension costs	190,638	205,708
Cessation loss on closure of Local Government Pension Scheme	1,412,000	-
	<u>2,975,637</u>	<u>1,594,701</u>

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

Housing Management	20	21
Corporate	5	5
Business Support	8	7
	<u>33</u>	<u>33</u>

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

	2023	2022
	£	£
From Above	2,975,637	1,594,701
SHAPS Pension Deficit	10,635	20,851
Capitalised Salary Costs	(28,619)	(26,604)
	<u>2,957,653</u>	<u>1,588,948</u>

No non-staff members of the Board of OHL or the Board of OIL received any remuneration.

Key management personnel are defined as members of the Senior Leadership Team, Chief Executive, Stacy Angus, Director of Finance, Gary Walker, Director of Housing Services Dan Thompson, Director of Asset and Sustainability, Hugh Crothers and Director of Corporate Services, Clare Ruxton.

There are 4 members of key management personnel who received emoluments of £60,000 or more (2022: 4).

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

7. Employees (continued)

	2023	2022
	£	£
Group and Association		
Aggregate emoluments for key management personnel (excluding pension contributions)	322,944	404,526
Pension contributions for key management personnel	40,975	58,849
Total	363,919	463,375
Aggregate emoluments of the Chief Executive (excluding pension contributions)	92,160	104,803
Pension contributions for the Chief Executive	3,507	16,368
Total	95,667	121,171

The Director of Finance and the Director of Asset and Sustainability were members of the LGPS defined benefit scheme at the time of exit as disclosed in note 23.

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

	2023	2022
	No	No
Group and Association		
£60,001 - £70,000	2	1
£70,001 - £80,000	-	-
£80,001 - £90,000	1	1
£90,001 - £100,000	1	1
£100,001 - £110,000	-	-
£110,001 - £120,000	-	-
£120,001 - £130,000	-	1

8. Taxation (Group)

	2023	2022
	£	£
UK Corporation Tax on profits for the year	-	-
Total Current Tax	-	-
Factors affecting the tax charge for the year:		
Surplus on ordinary activities of OIL multiplied by the standard rate of corporation tax (19%)	80	14,156
Expenses not deductible for tax purposes	-	-
Group relief	(80)	(14,156)
Amounts in respect of prior periods	-	-
Current tax charge for the period	-	-

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

9. Intangible Fixed Assets

Group

	IT Software
Cost	£
At 1 April 2022	314,074
Additions during year	-
At 31 March 2023	314,074
Amortisation	
At 1 April 2022	(281,790)
Charge for year	(24,985)
At 31 March 2023	(306,775)
Net Book Value	
At 31 March 2023	7,299
At 31 March 2022	32,284

Association

	IT Software
Cost	£
At 1 April 2022	242,892
Additions during year	-
At 31 March 2023	242,892
Amortisation	
At 1 April 2023	(210,608)
Charge for year	(24,985)
At 31 March 2023	(235,593)
Net Book Value	
At 31 March 2023	7,299
At 31 March 2022	32,284

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

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

	Housing Properties under construction	Housing Properties held for letting	Total
Cost	£	£	£
At 1 April 2022	4,943,057	155,418,834	160,361,891
Additions during year	9,573,624	2,409,560	11,983,184
Disposals during year	-	(11,768,149)	(11,768,149)
Transfers	(11,100,099)	11,100,099	-
At 31 March 2023	<u>3,416,582</u>	<u>157,160,344</u>	<u>160,576,926</u>
Depreciation			
At 1 April 2022	-	(23,390,958)	(23,390,958)
Charge for year	-	(2,047,983)	(2,047,983)
Disposals during year	-	1,258,713	1,258,713
At 31 March 2023	<u>-</u>	<u>(24,180,228)</u>	<u>(24,180,228)</u>
Net Book Value			
At 31 March 2023	<u>3,416,582</u>	<u>132,980,116</u>	<u>136,396,698</u>
At 31 March 2022	<u>4,943,057</u>	<u>132,027,876</u>	<u>136,970,933</u>

Interest of £nil (2022: £nil) has been included in cost of housing properties. All land and property are owned by the Group. No properties are held under lease. Included in Housing Properties is Land with a value of £22,519,144 (2022: £23,622,695) which is not depreciated.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

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

	Housing Properties under construction	Housing Properties held for letting	Total
	£	£	£
Cost			
At 1 April 2022	4,943,057	129,341,632	134,284,689
Additions during year	9,573,624	2,409,560	11,983,184
Disposals during year	-	(11,267,084)	(11,267,084)
Transfers	(11,100,099)	11,100,099	-
At 31 March 2023	<u>3,416,582</u>	<u>131,584,207</u>	<u>135,000,789</u>
Depreciation			
At 1 April 2022	-	(15,151,455)	(15,151,455)
Charge for year	-	(1,923,223)	(1,923,223)
Disposals during year	-	1,025,025	1,025,025
At 31 March 2023	<u>-</u>	<u>(16,049,653)</u>	<u>(16,049,653)</u>
Net Book Value			
At 31 March 2023	<u>3,416,582</u>	<u>115,534,554</u>	<u>118,951,136</u>
At 31 March 2022	<u>4,943,057</u>	<u>114,190,177</u>	<u>119,133,234</u>

Interest of £nil (2022: £nil) has been included in cost of housing properties. All land and property are owned by the Association. No properties are held under lease. Included in Housing Properties is Land with a value of £22,519,144 (2022: £23,622,695) which is not depreciated.

10c.) Expenditure on existing properties	Year ended 31 March 2023	Year ended 31 March 2022
	£	£
Group and Association		
Major repairs expensed	-	-
Replacement of components	2,409,560	1,395,403
Total	<u>2,409,560</u>	<u>1,395,403</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

10d.) Other Tangible Fixed Assets - Group

	IT Equipment	Furniture, Fittings & Equipment	Office Property	Total
	£	£	£	£
Cost				
At 1 April 2022	67,236	53,340	710,139	830,715
Additions during year	9,428	718	360	10,506
Disposals during year	-	-	-	-
At 31 March 2023	<u>76,664</u>	<u>54,058</u>	<u>710,499</u>	<u>841,221</u>
Depreciation				
At 1 April 2022	(28,692)	(11,837)	(257,166)	(297,695)
Charge for the year	(13,673)	(11,708)	(14,203)	(39,584)
Disposals during year	-	-	-	-
At 31 March 2023	<u>(42,365)</u>	<u>(23,545)</u>	<u>(271,369)</u>	<u>(337,279)</u>
Net Book Value				
At 31 March 2023	<u>34,299</u>	<u>30,513</u>	<u>439,130</u>	<u>503,942</u>
At 31 March 2022	<u>38,544</u>	<u>41,503</u>	<u>452,973</u>	<u>533,020</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

10e.) Other Tangible Fixed Assets - Association

	IT Equipment	Furniture, Fittings & Equipment	Office Property	Total
	£	£	£	£
Cost				
At 1 April 2022	66,091	51,566	710,139	827,796
Additions during year	9,428	718	360	10,506
Disposals during year	-	-	-	-
At 31 March 2023	<u>75,519</u>	<u>52,284</u>	<u>710,499</u>	<u>838,302</u>
Depreciation				
At 1 April 2022	(27,547)	(10,063)	(257,166)	(294,776)
Charge for the year	(13,673)	(11,708)	(14,203)	(39,584)
Disposals during year	-	-	-	-
At 31 March 2023	<u>(41,220)</u>	<u>(21,771)</u>	<u>(271,369)</u>	<u>(334,360)</u>
Net Book Value				
At 31 March 2023	<u>34,299</u>	<u>30,513</u>	<u>439,130</u>	<u>503,942</u>
At 31 March 2022	<u>38,544</u>	<u>41,503</u>	<u>452,973</u>	<u>533,020</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

10f.) Investment Property – Group and Association

	Investment Property
	£
Valuation	
At 1 April 2022	400,000
Revaluation	<u>(107,500)</u>
As at 31 March 2023	<u><u>292,500</u></u>

The Group's office property in Westhill, Aberdeen was valued by Graham + Sibbald, Chartered Surveyors, on 31 March 2023 at a value of £585,000. The Directors believe that this valuation is reflective of the value at 31 March 2023. 50% of the property is deemed to be office property and therefore held within property, plant and equipment at cost, and 50% is recognised as investment property – based on the valuation, this is £292,500.

11. Investment	2023	2022
	£	£
Association		
Shares in unlisted subsidiary companies at cost	<u>100</u>	<u>100</u>

The subsidiary company at 31 March 2023 is Osprey Initiatives Limited which is a company registered in Scotland providing, constructing, encouraging or facilitating the provision and construction of affordable housing for Osprey Housing Limited. Osprey Housing Limited holds 100% of the share capital in Osprey Initiatives Limited.

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

Surplus/(Loss) for the period after Taxation	<u>422</u>	<u>(74,505)</u>
Net Assets	<u><u>329,906</u></u>	<u><u>329,484</u></u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

12. Debtors

	2023	2022
	£	£
Group		
Amounts falling due within one year		
Gross rents in arrears	436,954	384,416
Less: bad debt provision	(241,733)	(213,956)
	195,221	170,460
HAG Receivable	53,349	1,774,980
Prepayments	100,955	99,452
Other debtors	811,695	619,160
Less: bad debt provision	(351,560)	(323,706)
	809,660	2,340,346
	2023	2022
	£	£
Association		
Amounts falling due within one year		
Gross rents in arrears	415,424	362,395
Less: bad debt provision	(220,203)	(198,970)
	195,221	163,425
Amount due from group company	-	2,952
HAG Receivable	53,349	1,774,980
Prepayments	100,955	99,452
Other debtors	809,698	601,690
Less: bad debt provision	(351,560)	(323,706)
	807,663	2,318,793

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

13. Creditors: amounts falling due within one year

	2023	2022
	£	£
Group		
Loans (Note 14)	444,486	473,519
Retentions unpaid	459,752	291,600
Prepaid rent	392,936	368,935
Accruals	1,307,462	1,049,727
Other Tax and Social Security	40,845	23,824
Trade Creditors	701,283	926,157
Other Creditors	24,771	47,132
Deferred Capital Grant (note 15)	1,389,027	1,318,889
	<u>4,760,562</u>	<u>4,499,783</u>
Association		
Loans (Note 14)	444,486	473,519
Retentions Unpaid	459,752	291,600
Prepaid Rent	381,802	356,900
Accruals	1,280,168	1,005,202
Other Tax and Social Security	40,845	21,193
Trade Creditors	693,516	911,738
Other Creditors	20,496	18,781
Intercompany Creditor	-	546
Deferred Capital Grant (note 15)	826,540	787,403
	<u>4,147,605</u>	<u>3,866,882</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

14. Creditors: amounts falling due after one year

	2023	2022
	£	£
Group		
Loans	34,167,688	44,708,459
Deferred Capital Grant (note 15)	78,282,219	77,322,042
	<u>112,449,907</u>	<u>122,030,501</u>
Association		
Loans	34,167,688	44,708,459
Deferred Capital Grant (note 15)	54,083,727	52,001,462
	<u>88,251,415</u>	<u>96,709,921</u>

OHL loans from Lloyds Banking Group amounting to £22,918,000 (2022: £23,003,000) are secured by specific charges on its properties on a 25 year term. This was revised with effect from 1st April 2010, 5th January 2016, 9th April 2021 and further revised on 6th April 2022, securing a facility of £48,003,000. £22m has a fixed interest rate for the duration of the loan, £1m has a variable interest rate linked to SONIA plus agreed margin and £25m has been secured via a 5 year Revolving Credit Facility with an interest rate also linked to SONIA plus agreed margin.

OHL loans from Nationwide amounting to £5,837,664 (2022: £6,619,669) are secured by a first ranking standard security over 332 units of the Association's housing stock. These loans are on a 30 year term and interest is fixed at 1.95% until maturity.

A further interest free loan of £3,743,498 is unsecured and is repayable between 2027 and 2033.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

14. Creditors due out with one year (continued)

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

	2023	2022
	£	£
Group and Association		
Less than one year (note 13)	444,486	473,519
Between one and two years	486,133	444,487
Between two and five years	5,031,285	14,025,184
In five years or more	28,805,273	30,358,523
Capitalised Facility Fee	(155,003)	(119,735)
Total Loans after one year	34,167,688	44,708,459
Total Loans Outstanding	34,612,174	45,181,978

15. Deferred Capital Grant

	2023	2022
	£	£
Group		
As at 1 April	78,640,931	74,683,205
Capital Grant Additions	5,701,256	5,264,790
Capital Grant Released	(1,308,397)	(1,307,064)
Capital Grant Disposals	(3,362,544)	-
As at 31 March	79,671,246	78,640,931
Amounts to be released within one year (note 13)	1,389,027	1,318,889
Amounts to be released in more than one year (note 14)	78,282,219	77,322,042
	79,671,246	78,640,931
Association		
As at 1 April	52,788,865	48,301,512
Capital Grant Additions	5,701,256	5,264,790
Capital Grant Released	(713,092)	(777,437)
Capital Grant Disposals	(2,866,762)	-
As at 31 March	54,910,267	52,788,865
Amounts to be released within one year (note 13)	826,540	787,403
Amounts to be released in more than one year (note 14)	54,083,727	52,001,462
	54,910,267	52,788,865

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

16. Notes to Statement of Cash flows

Group	2023	2022
Reconciliation of operating surplus to net cash inflow from activities	£	£
Surplus for the year	1,391,598	2,845,844
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	2,087,567	2,182,504
Amortisation of intangible fixed assets	24,985	31,812
Amortisation of capital grant	(1,308,397)	(1,307,064)
Abatement of capital grant	(3,362,544)	-
Pension service costs and expenses net of contributions paid	(198,000)	118,000
Loss on disposal of tangible fixed assets	(934,440)	85,695
Impairment and depreciation of investment properties	107,500	-
Interest received	(34,059)	-
Interest payable	1,969,809	1,671,827
Business combinations – excess of fair value of assets acquired	-	(732,126)
	<hr/>	<hr/>
Operating cash flows before movement in working capital	(255,981)	4,896,492
(Increase) in trade and other debtors	(190,945)	(115,888)
(Decrease)/Increase in trade and other creditors	1,619,288	107,333
Cash generated from operations	1,172,362	4,887,937
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS	2023	2022
Cash and cash equivalents represent:	£	£
Cash at bank	3,337,531	7,783,264
Notice deposits (less than 3 months)	-	-
Overdraft facility repayable on demand	-	-
	<hr/>	<hr/>
	3,337,531	7,783,264
	<hr/>	<hr/>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

16. Notes to Statement of Cash flows (continued)

Association	2023	2022
Reconciliation of operating surplus to net cash inflow from activities	£	£
Surplus for the year	692,222	17,829,823
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	1,962,807	1,859,229
Amortisation of intangible fixed assets	24,985	31,812
Amortisation of capital grant	(713,092)	(777,437)
Abatement of capital grant	(2,866,762)	-
Pension service costs and expenses net of contributions paid	(198,000)	118,000
(Gain)/Loss on disposal of tangible fixed assets	(706,031)	85,695
Impairment and depreciation of investment properties	107,500	-
Interest received	(31,267)	-
Interest payable	1,969,809	1,671,827
Business combinations – excess of fair value of assets acquired	-	(15,847,954)
	<hr/>	<hr/>
Operating cash flows before movement in working capital	242,171	4,970,995
(Increase) in trade and other debtors	(210,501)	(8,679)
(Decrease) in trade and other creditors	1,670,233	155,074
Cash generated from operations	1,701,903	5,117,390
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS	2023	2022
Cash and cash equivalents represent:	£	£
Cash at bank	2,959,152	7,373,922
Notice deposits (less than 3 months)	-	-
Overdraft facility repayable on demand	-	-
	<hr/>	<hr/>
	2,959,152	7,373,922
	<hr/>	<hr/>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

16. Notes to Statement of Cash flows (continued)

Group

	1 April 2022	Cash Flow	Other Non-cash movements	31 March 2023
Net Debt Reconciliation	£	£	£	£
Cash at bank and in hand	7,783,264	(4,445,733)	-	3,337,531
Bank Loan	(473,519)	473,519	(444,486)	(444,486)
Due within one year	(473,519)	473,519	(444,486)	(444,486)
Bank Loan	(44,708,459)	10,001,227	539,544	(34,167,688)
Due out with one year	(44,708,459)	10,001,227	539,544	(34,167,688)
Total Net Debt	(37,398,714)	6,029,013	95,058	(31,274,643)

Association

	1 April 2022	Cash Flow	Other Non- cash movements	31 March 2023
Net Debt Reconciliation	£	£	£	£
Cash at bank and in hand	7,373,922	(4,414,770)	-	2,959,152
Bank Loan	(473,519)	473,519	(444,486)	(444,486)
Due within one year	(473,519)	473,519	(444,486)	(444,486)
Bank Loan	(44,708,459)	10,001,227	539,544	(34,167,688)
Due out with one year	(44,708,459)	10,001,227	539,544	(34,167,688)
Total Net Debt	(37,808,056)	6,059,976	95,058	(31,653,022)

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

17. Capital Commitments

	2023	2022
Group and Association	£	£
Land and Buildings	6,604,646	10,335,496
Replacement Components	727,968	220,096
Board authorised expenditure contracted less certified	<u>7,332,614</u>	<u>10,555,592</u>

Capital commitments will be met from HAG, cash reserves and available loan funding.

18. Contingent Liability

Association

OHL has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2022. As of this date the estimated employer debt was £189,723. The estimated employer debt on exiting the scheme on 31 July 2023 was £221,000.

OHL has been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over recent years. The Trustee has been advised to seek clarification from the Court on potential changes to the pension liability. This process is ongoing and OHL understands that the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until the outcome of the Court process is known, it is not possible to calculate the impact on the liabilities of this issue, particularly on an individual employer basis, with any accuracy for the purposes of the 31 March 2023 financial statements. Accordingly, no adjustment has been made in these financial statements in respect of this potential issue.

In addition, OHL formally exited the SHAPS pension scheme on 31 July 2023 and The Pension Trust are in the process of calculating the precise exit liability; meaning that the risk around the outcome of the Court process is mitigated after the end of the reporting period.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

19. Leasing Commitments

At 31 March 2023, the Group and Association had annual commitments under non-cancellable operating leases as detailed below:

	Plant & Machinery	
	2023	2022
	£	£
Group & Association		
Amounts due:		
Within one year	18,050	24,307
Within two to five years	26,515	44,431
After five years	-	-
	44,565	68,738

20. Share Capital

	2023	2022
Group		
Shares of £1 each, issued and fully paid:		
At 1 April	35	30
Acquired through Business Combination	-	24
Issued during year	-	-
Cancelled during year	-	(19)
At 31 March	35	35
Association		
Shares of £1 each, issued and fully paid:		
At 1 April	35	-
Acquired through Business Combination	-	54
Issued during year	-	-
Cancelled during year	-	(19)
At 31 March	35	35

A special category of membership was created to accommodate the shareholding members of the two organisations that undertook a transfer of engagements into OHL in the prior year. At the time of the transfers all shareholders in the transferring organisations were asked if they wished not to transfer their share to Osprey Housing. The shareholders that opted not to transfer their share were removed from the list of members and the remainder were transferred to the associate membership category of Osprey Housing. These were treated as transferring over on combination and then were subsequently cancelled in the table above.

Associate members, incorporated organisations and/or unincorporated organisations were admitted into membership only in pursuance of a merger, transfer of engagements or other form of strategic partnership involving OHL, were entered into the Associate category of membership and are known as “Associate Members”.

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

20. Share Capital – continued

Associate Members have no right to attend or vote at general meetings, carry no rights to a dividend or other distributions and their shares are not repayable.

21. General Reserve

	2023	2022
Group	£	£
Opening Balance	21,529,528	18,557,684
Surplus for the year	1,391,598	2,845,844
Actuarial gains on pension scheme	1,399,000	396,000
Transfer to Pension Reserve	(183,000)	(270,000)
Total General Reserve	<u>24,137,126</u>	<u>21,529,528</u>

	2023	2022
Association	£	£
Opening Balance	29,214,515	11,177,692
Surplus for the year	692,222	17,829,823
Actuarial gains on pension scheme	1,399,000	396,000
Transfer to Pension Reserve	(183,000)	(189,000)
Total General Reserve	<u>31,122,737</u>	<u>29,214,515</u>

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

22. Pension Reserves

	2023	2022
Group	£	£
Opening Balance	(216,000)	(486,000)
Transfer from General Reserve	183,000	270,000
Total General Reserve	(33,000)	(216,000)

The pension reserve represents the Group's share of the deficit that exists within the pension schemes of which it is a member and is held at a sum equivalent to the value of the pension liability.

	2023	2022
Association	£	£
Opening Balance	(216,000)	(405,000)
Transfer from General Reserve	183,000	189,000
Total General Reserve	(33,000)	(216,000)

The pension reserve represents the Association's share of the deficit that exists within the pension schemes of which it is a member and is held at a sum equivalent to the value of the pension liability.

23. Pension Fund

During the year, the Association and the Group operated two defined benefit schemes for its employees: the North East Scotland Pension Fund and the Scottish Housing Associations' Pension Scheme.

North East Scotland Pension Fund

Osprey Housing Limited participated in the North East Scotland Pension Fund which is part of the Local Government Pension Scheme (LGPS) (Scotland), a multi-employer scheme, until 31 December 2022 when Osprey Housing Limited terminated its participation in the scheme. The LGPS is a defined benefit scheme based on final pensionable salary.

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 2020.

The employers contributions to the LGPS by the RSL for the period ended 31 December 2022 were £365,000 (2022: £169,000), including a one-off termination fee of £260,000, at a contribution rate of 78.6% of pensionable salaries.

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

23. Pension Fund - continued

The principal actuarial assumptions used in the calculation of the valuation of the plan assets and the present value of the defined benefit obligation of the LGPS scheme include:

	2023	2022
	%	%
Price increases (CPI)	3.10	3.30
Salary increases	3.10	3.30
Pension increases	3.10	3.40
Discount rate	4.60	2.80

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

	2023	2022
	Years	Years
Males	21.0	21.5
Females	23.3	24.2

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

	2023	2022
	Years	Years
Males	22.3	23.0
Females	25.3	26.3

Scottish Housing Association Pension Scheme

Osprey Housing Limited also participates in the Scottish Housing Associations' Pension Scheme (SHAPS), a multiemployer scheme which provides benefits to over 150 non-associated employers. The scheme is a defined benefit scheme in the UK.

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 last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2021. This valuation revealed a deficit of £27m. A Recovery Plan was put in place to eliminate the deficit which ran to 30 September 2022.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

23. Pension Fund - continued

The scheme is classified as a ‘last man standing’ arrangement. Therefore, the Association 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.

For accounting purposes, a valuation of the scheme is carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2022. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2023 to 29 February 2024 inclusive.

The liabilities are compared, at the relevant accounting date, with the company’s fair share of the Scheme’s total assets to calculate the company’s net deficit or surplus.

The principal actuarial assumptions used in the calculation of the valuation of the plan assets and the present value of the defined benefit obligation of the SHAPS scheme include:

	2023	2022
	%	%
RPI	3.21	3.90
CPI	2.69	3.30
Salary increases	3.69	3.30
Discount rate	4.90	2.79

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

	2023	2022
	Years	Years
Males	20.5	21.6
Females	23.0	23.9

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

	2023	2022
	Years	Years
Males	21.7	22.9
Females	24.4	25.4

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

23. Pension Fund - continued

The amounts recognised in the Statement of Comprehensive income (for both schemes as a total) are as follows:

	Group		Association	
	2023	2022	2023	2022
	£	£	£	£
Current service cost	(177,000)	(305,000)	(177,000)	(305,000)
Net interest on the defined liability pension	(2,000)	(8,000)	(2,000)	(8,000)
Administration expenses	(2,000)	(3,000)	(2,000)	(3,000)
Expenses	(1,000)	(1,000)	(1,000)	(1,000)
Cessation Loss on LGPS Scheme	(1,412,000)	-	(1,412,000)	-
	<u>(1,594,000)</u>	<u>(317,000)</u>	<u>(1,594,000)</u>	<u>(317,000)</u>

Changes in the present value of the defined benefit obligations (for both schemes as a total) are as follows:

	Group		Association	
	2023	2022	2023	2022
	£	£	£	£
Opening defined benefit obligation	8,868,000	8,965,000	8,868,000	8,175,000
Transfer of SHAPS from Osprey Housing Moray	-	-	-	790,000
Current service cost	177,000	305,000	177,000	305,000
Interest on pension liabilities	191,000	183,000	191,000	183,000
Expenses	1,000	1,000	1,000	1,000
Member contributions	30,000	51,000	30,000	51,000
Actuarial (gains) / losses on liabilities	(2,563,000)	(426,000)	(2,563,000)	(426,000)
Settlements	(6,038,000)	-	(6,038,000)	-
Benefits / transfers	(138,000)	(211,000)	(138,000)	(211,000)
Closing defined benefit obligation	<u>528,000</u>	<u>8,868,000</u>	<u>528,000</u>	<u>8,868,000</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

23. Pension Fund - continued

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

	Group		Association	
	2023	2022	2023	2022
	£	£	£	£
Opening fair value of plan assets	8,652,000	8,479,000	8,652,000	7,770,000
Transfer of SHAPS from Osprey Housing Moray	-	-	-	709,000
Interest on plan assets	189,000	175,000	189,000	175,000
Actuarial (losses) / gains on assets	(1,164,000)	(30,000)	(1,164,000)	(30,000)
Administration expenses	(2,000)	(3,000)	(2,000)	(3,000)
Settlements	(7,450,000)	-	(7,450,000)	
Employer contributions	378,000	191,000	378,000	191,000
Member contributions	30,000	51,000	30,000	51,000
Benefits / transfers paid	(138,000)	(211,000)	(138,000)	(211,000)
Closing fair value of plan assets	<u>495,000</u>	<u>8,652,000</u>	<u>495,000</u>	<u>8,652,000</u>

The actual loss on plan assets was £894,000 (2022: actual gain of £145,000) for the Group and £894,000 (2022: actual gain of £145,000) for the Association.

The total pension liabilities for this year are:

	Group		Association	
	2023	2022	2023	2022
	£	£	£	£
Defined benefit obligations	528,000	8,868,000	528,000	8,868,000
Fair value of plan assets	(495,000)	(8,652,000)	(495,000)	(8,652,000)
Net defined benefit pension liabilities	<u>33,000</u>	<u>216,000</u>	<u>33,000</u>	<u>216,000</u>

The total amount recognised in other comprehensive income for the year in relation to actuarial gains and losses in the year is as follows:

	Group		Association	
	2023	2022	2023	2022
	£	£	£	£
Defined benefit obligations	2,563,000	426,000	2,563,000	426,000
Fair value of plan assets	(1,164,000)	(30,000)	(1,164,000)	(30,000)
Net defined benefit pension liabilities	<u>1,399,000</u>	<u>396,000</u>	<u>1,399,000</u>	<u>396,000</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

23. Pension Fund - continued

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

	Group		Association	
	2023	2022	2023	2022
	£'000	£'000	£'000	£'000
Equities	-	4,749	-	4,749
Gov. bonds	-	650	-	650
Property	21	534	21	534
Cash	2	240	2	240
Other	-	1,776	-	1,776
Absolute return	7	33	7	33
Alternative risk premia	3	30	3	30
Corporate bond fund	1	46	1	46
Currency hedging	1	(3)	1	(3)
Credit relative value	19	23	19	23
Distressed opportunities	15	26	15	26
Emerging markets debt	4	27	4	27
Global equity	13	143	13	143
High yield	2	7	2	7
Infrastructure	53	45	53	45
Insurance - linked securities	14	15	14	15
Liability driven investment	209	175	209	175
Liquid credit	-	5	-	5
Long lease property	17	21	17	21
Net current assets	1	2	1	2
Opportunistic credit	-	3	-	3
Opportunistic illiquid credit	22	24	22	24
Private debt	22	18	22	18
Risk sharing	36	24	36	24
Secured income	33	39	33	39
	495	8,652	495	8,652

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2023

24. Related Party Transactions

Osprey Housing Limited recharged £50,712 (2022: £215,635) of expenses relating to its wholly owned subsidiary Osprey Initiatives Limited and £345,567 (2022: £414,681) in relation to the lease of housing stock on operating leases.

Osprey Initiatives incurred expenditure of £nil (2022: £696) on behalf of Osprey Housing Limited.

The balance due from Osprey Initiatives at the year-end was £nil (2022: £2,952) and the balance due to Osprey Initiatives at the year-end was £nil (2022: £546).

25. Members' Guarantee

Osprey Housing Limited, being a Company limited by guarantee, has no share capital other than associate members (see note 21).

Full Members at 31 March 2023 totalled 14 (2022: 13), each guaranteeing a maximum £1 in the event of a winding up of the Association.