

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

CONSOLIDATED
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

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 2020

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Registration Particulars:

Company Number	SC198586
Charity Number	SC029461
RSL Number	312

OSPREY HOUSING LIMITED
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OFFICERS AND PROFESSIONAL ADVISERS

31 MARCH 2020

Osprey Housing Limited Board of Directors

William Chapman (Resigned 25.09.2019)
Michael Scott, Chair (from 25.09.2019)
Stuart Robertson, Vice Chair (from 25.09.2019)
Robert Hepburn
Hazel L. Smith (Resigned 7.11.2019)
Brian A. Topping
Jonathan Young
Douglas Bodie
Marian Reid
Simpson Buglass (Appointed 25.09.2019)
Raymond Edgar (Appointed 25.09.2019)

Osprey Housing Moray Committee of Management

Leslie Allan, Chair
Brian Watson, Vice Chair
Robert Hepburn
Hazel L. Smith (Resigned 7.11.2019)
Michael Scott
William Chapman (Resigned 25.09.2019)
Brian A. Topping
James Milne
Michael McLafferty (Re-appointed 28.08.2019)
Catherine Darbyshire (Appointed 29.05.2019)

Osprey Initiatives Board of Directors

Stuart Robertson, Chair
Douglas Bodie, Vice Chair
Robert Hepburn
Catherine Darbyshire
Leslie Allan
Glenn Adcook
Gary Walker

Executive Officers

Glenn Adcook, Chief Executive
Gary Walker, Chief Finance Officer

Registered Office

13 Queens Road
Aberdeen
AB15 4YL

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OFFICERS AND PROFESSIONAL ADVISERS

31 MARCH 2020
(Continued)

Bankers

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PO Box 72, Bailey Drive
Gillingham
Kent
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Bank of Scotland
90 High Street
Elgin
IV30 1BJ

Nationwide
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Moulton Park
Northampton
NN3 6NW

Company Secretary

Pinsent Masons Secretarial Limited

Solicitors

Pinsent Masons
13 Queens Road
Aberdeen
AB15 4YL

Peterkins
60 Market Place
Inverurie
AB51 3XN

Auditors

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

Internal Auditors

Scott Moncrieff
25 Bothwell Street
Glasgow
G2 6NL

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

31 MARCH 2020

The Board present their report and audited financial statements for the year ended 31 March 2020.

This report is presented at an unprecedented time for the Osprey Housing Group.

COVID-19 Pandemic: Business Impact and Response

In early March 2020 the spread of COVID-19 virus had been declared a Pandemic. This triggered the requirement to implement the Group's Major Incident Plan including initial impact assessment and preparatory action.

Initial assessment identified an impact on key areas of business and operations including:

1. *Service delivery to tenants and customers who may be affected*
 - Performance in relation to carrying out gas and other related safety checks
 - Performance in relation to carrying out emergency repairs
 - Provision of support to elderly and/or vulnerable tenants
 - Ensuring continuity of rent payments and arrears/welfare benefit support
 - Void control procedures in the event of a home becoming empty
 - Re-let processes
 - Income disruption and potential tenant hardship
2. *Financial Resilience*
 - Protect cash flow and maintain cash reserves
 - Budget reallocations for essential expenditure
 - Stress testing on income reduction scenarios
 - Ensure continuity of supply chain through accelerated payments of invoices
3. *Organisational/Staffing Capacity*
 - Ensuring staff are briefed and kept aware of up to date health, government/other appropriate guidance and need for clear effective communications strategy
 - Business continuity planning tailored to the circumstances of the COVID-19 incident
 - Implement COVID-19 specific risk assessment process for individuals and the business
 - Audit organisational capacity for staff to adopt agile/remote working
 - Deploy resources to ensure continuation of business critical systems
 - Implement recording and notification system for any circumstances where services cannot be delivered
 - Establish with contractors appropriate risk assessments and close communications on key services - particularly safety related and repairs
 - Process for notification to SHR of any significant service disruption
 - Good staff welfare response to any staff who may need to self-isolate
 - Capacity to continue essential levels of governance/provision for Board to operate

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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)
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On 23 March 2020 in response to nationally issued advice/guidance from the UK and Scottish Governments a series of major actions were implemented alongside wider mitigation, business and service continuity planning:

- Closure of OHL/OHM offices
- No attendance by staff at face-to-face meetings. Such meetings to be virtual or teleconference
- No visits to tenants/applicants unless deemed essential
- Series of adjustments to operations and working practices including protocols for essential only tenant visits
- Guidance in relation to tenants/staff who may need to go into self-isolation
- Continuity arrangements for emergency repairs and gas/other safety repairs
- Revised arrangements for voids, relets and allocations
- Implement communications strategy including signposting tenants to check website and social media for updates and daily updates for the staff team
- Identify tenants that may fall into high risk categories in order to help those who may be vulnerable, require support and with whom we can maintain direct contact
- Implement ongoing risk assessment/resilience modelling
- Maintain recording/notification mechanism for issues where performance will be affected
- Seek clarity from SHR/Scottish Government on where legislation may conflict with the public health strategy
- Introduction of emergency governance measures

Management of an evolving situation has been (and remains) complex. A multi-dimensional approach has been required to deal with the initial crisis stage in a controlled way and move into response phase to ensure business continuity and service delivery as well as possible. This has been based on what is reasonable, responsible and as effective as can be achieved given the restrictions.

The Group did (and has continued to do) everything it can to support tenants, particularly those who are vulnerable and may experience serious economic/social impact as a consequence of the measures introduced.

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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)
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31 MARCH 2020

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) 2015.

In January 2013, following approval by the Scottish Housing Regulator (SHR), OHL entered into a constitutional partnership with Osprey Housing Moray (OHM). Contractual agreements between OHL and OHM are in place to support the constitutional partnership. The rules of OHM were amended to allow OHL to acquire a controlling share in OHM.

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 the provision of factoring and clerk of works services to other organisations. OIL has developed its role and is now primarily engaged in the provision of full landlord services on an agency basis. It also manages OHL and OHM's Mid-Market Rented stock leased to it.

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

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. OHM is a Co-operative and Community Benefits Society, regulated by the FCA, and has been a registered social landlord since 2002 and has charitable status.

Principal activity

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

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

31 MARCH 2020

Principal activity (continued)

The table below shows the number of properties owned by OHL at 31 March 2020:

Owned Properties	2020	2019
Tenanted	1,059 (1,068 tenancies)	1,041 (1,050 tenancies)
Leased to OIL	77	77
Leased to Third Parties	6	7
Total	1,142	1,125

In addition, OHL factors 17 shared ownership units and 20 owner occupied units.

The partnership with OHM brings a further 565 general housing units, 11 MMR units leased to OIL, 6 units leased to third parties and 21 standalone garages.

Governance & Management

The Boards/Committee of Management and Executive Officers

The Board and Executive Officers of OHL, OIL and Committee of Management of OHM are listed on page 3. Each member of the OHL Board is a director of OHL. Executive officers do not have the legal status of directors of OHL and OHM. They act as executives within the authority delegated by the Board. Every member of the OHM Committee of Management is a member of that Society.

Board members bring a broad range of skills, experience and strengths to ensure good governance in accordance with regulatory standards and expectations of the Scottish Housing Regulator (SHR), tenants and other stakeholders. The skills/knowledge mix of the Board is reviewed annually. Where gaps are identified, steps are taken to recruit new members to strengthen the range of expertise. New members can be elected subject to completion of a formal application and evaluation process that is accepted and approved by the Board.

The Board of OHL is responsible for the overall strategic direction and performance of the Group. An Intragroup Agreement governs the relationship between OHL and OHM.

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

31 MARCH 2020

The Boards/Committee of Management and Executive Officers (continued)

The OHL Board, with full agreement of the OHM Committee of Management, has established a streamlined governance system including joint meetings of the governing bodies, joint strategic events and four joint committees, with delegated authority for:

Housing – Landlord performance, housing management, tenant engagement and asset management.

Resource & Governance – Risk strategy, external/internal audit arrangements, budget review, financial projections, Group governance arrangements and reputational considerations.

Corporate Services – Staffing/HR, ICT, communication strategy and full range of corporate activities.

Remuneration – Pay awards and staff remuneration.

Reserved Powers are in place enabling operational decisions to be made which impact on only one of the Group's entities.

The OHL Board controls the Group's strategic direction and reviews its operating and financial position. It receives timely and relevant information in order to discharge its duties.

Full training and induction is provided to new Governing Body Members and ongoing training is provided to existing Governing Body Members to ensure that all are equipped to meet their obligations and role in contributing to the development of future strategy and reviewing performance of the Group.

2019/20 saw the appointment of two new OHL Board members and the resignation of two long-standing members. It was with regret that the Board accepted resignations from Chairman, William Chapman and Housing Committee Chair, Hazel Smith for health reasons. The Board wish to place on record its recognition of and gratitude for the huge contribution both have made to the growth and success of the Group since the early days when they first became members. The Board is however pleased to welcome two new members in Simpson Buglass and Raymond Edgar who have exceptional skills and experience. The Board are confident they will make a significant contribution to the governance of OHL. The recruitment of the two new members is also a result of the succession planning process that is now in place.

The Governing Body members are subject to an annual appraisal process. In keeping with the assurance process referred to below, appraisals were conducted by the respective Chairs of OHL and OHM supported by an independent consultant. The outcomes inform recruitment, training and the succession planning strategy.

A highly experienced and dynamic Chief Executive, Chief Finance Officer and Senior Management Team manage the Group effectively and with a progressive approach.

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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)
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31 MARCH 2020

The Boards/Committee of Management and Executive Officers (continued)

The COVID-19 situation that arose during March 2020 required the introduction of emergency alternative governance measures.

The Major Incident Plan and Schedule of Delegated Authority (SODA) provides necessary flexibility on delegation of authority in exceptional circumstances.

The SHR also confirmed that as long as changes are for short term and do not include fundamental changes to Rules and Articles of Association they are happy for RSLs to be pragmatic and introduce exceptional alternative measures for governance in the COVID-19 situation.

With an objective to keep arrangements as simple as possible the full Board and OHM CoM (through e-mail consultation) agreed this would be implemented by:

- All meetings being held through the use of virtual conferencing facilities
- Delegating direction of the business and decision making responsibility to the Chair OH, Chair OHM, Chairs of R&G, Housing, Corporate Services and OIL Board. This group met through a digital virtual conference platform as a smaller “Cabinet” style Board on the scheduled date of the full GBM meeting on 27 May and was then subject to 3 weekly review.
- The full committee structure was re-introduced on 29th July.

This emergency arrangement ensured continuity of effective governance.

Regulation and Assurance

Principal regulation of OHL and OHM is by the Scottish Housing Regulator (SHR). OHL and OHM remained on a low level of engagement up to the change of designations introduced through the regulatory review. A one-year period of grace for the new regulatory regime to bed in meant categories were not applied as previously. However, SHR confirmed it did not require to engage with OHL or OHM during 2019/20 which was a positive status taking into account the Group’s active and ongoing development programme, subsidiary activities and new initiatives.

The SHR conducted a comprehensive review of its approach to regulation during 2018/19 and Osprey’s CEO was involved in a sectoral advisory group/sounding board to the SHR during that process. A key outcome of the review was a requirement to submit a new style “Assurance Statement” during 2019/20 to confirm the Board is confident that the Osprey Housing Group complies with all relevant regulatory standards and outcomes in the Scottish Social Housing Charter; all relevant legislative duties; and the Standards of Governance and Financial Management.

After review of our statement, the SHR confirmed it covered all of the areas required by the statutory guidance representing a positive outcome and acceptance for regulatory purposes.

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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)
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Regulation and Assurance (continued)

During 2019/20, a comprehensive “self-assessment and assurance review” process was undertaken across the Group. The review entailed:

- The Governing Bodies seeing evidence of how all information required to ensure compliance is collected, maintained and recorded
- Assessing the type and nature of information collected, recorded and presented to the Governing Bodies for Performance Monitoring Purposes
- Working through a self-assessment “checklist” published by the Scottish Federation of Housing Associations
- Subjecting the Governance process to evaluation by an independent consultant – inclusive of observation of meetings of the Governing Bodies
- Undertaking an innovative “peer review” with another Housing Association (Berwickshire Housing Association) , receiving and acting upon feedback from the process
- Being subject to a Governance Assurance review by Osprey Tenants and Residents Association (OTRA)

The process provided confidence in how the Governing Bodies can remain assured of compliance with Regulatory Standards and, supported the content of the Assurance Statement.

Risks and Uncertainties

The Group has further developed its Risk Management Strategy. During 2019/20 a refreshed Risk Management Policy was approved along with detailed Strategic Risk Framework and Register (Matrix) highlighting key risks to OHL, OHM and OIL. This, together with a range of policies and procedures and appropriate insurance policies ensures a comprehensive approach to risk management.

Prior to the COVID-19 a world pandemic was not identified as a high probability risk. However, a Pandemic response is provided for within the Groups Major Incident Plan. A specific COVID -19 section was quickly established within the framework to identify and help manage/mitigate against key associated risks particularly those referred to earlier in the impact assessment.

The Group faces a broad range of risks reflecting its responsibilities as a social landlord. These risks include those resulting from its responsibilities in the areas of financial viability, customers and governance as well as its day-to-day operational activities.

The risks arising from the Group’s strategic goals and objectives to fulfil our responsibilities can be significant. Risks are managed through detailed processes that emphasise the importance of integrity, intelligent inquiry, maintaining high quality staff, and customer accountability.

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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)
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Risks and Uncertainties (continued)

The Group is also exposed to some significant financial risks, largely due to its commitment to deliver high quality homes and services; and provide a housing service which creates value for the household and the wider community.

The Group's approach to planning and delivery is only to make promises we can keep. We use careful scenario planning and ensure that we allocate the right resources at the right time.

In terms of operational issues, the Group has no more than a cautious tolerance for risk. The Group makes resources available to control operational risks to acceptable levels and recognises that it is not possible or necessarily desirable to eliminate some of the risks inherent in its activities. It also recognises that some managed risk is often necessary to foster innovation within business.

The Governing Body retains overall responsibility for risk management and for determining the Group's tolerance of risk. The detailed scrutiny and evaluation of risk is delegated to the various sub Committees. The OHL, OHM and OIL Governing Bodies, supported by the sub Committees and the Senior Management Team agree an annual Risk Register (matrix); ensuring that effective internal controls and appropriate systems for business assurance are in place. This practice provides and promotes the internal control framework and safeguards ensuring that good governance and risk management are embedded within the organisation.

Governance activities ensure that critical management information reaching the Governing Body and Senior Management Team is sufficiently complete, accurate and timely to enable appropriate management decision making, and to provide the control mechanisms to ensure that strategies, directions and instructions from management are carried out systematically and effectively.

The OHL Board receive regular reports from management and from the external and internal auditors, to provide reasonable assurance that specific control procedures are in place and are being followed.

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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)
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31 MARCH 2020

Risks and Uncertainties (continued)

Included in Osprey's main risk policy and detailed in the Group's Register (matrix) are two tiers of risk – strategic and more operationally focussed. Examples of these include:

Strategic

- People and Culture (including calibre, conduct and loss of key staff)
- Customer Risks
- Finance/Financial Management
- Health and Safety
- Governance/Regulation/Government Policy (including Welfare Reforms)
- Information Management and Digital/ICT
- Assets and Property Services
- Compliance
- Political change/uncertainty and economic variances
- Extreme weather/Major Incidents (COVID-19 pandemic)

Operational

- Development activities
- Contractor stability/performance
- Quality failures
- Significant changes in interest rates/inflation
- Increased competition
- Significant shift in tenant needs/expectations
- Failure of a new venture
- Incomplete or inaccurate information on housing demand
- Incorrect project appraisal assumptions
- Onerous contract terms and conditions
- Re-financing of Revolving Credit Facilities
- Fraud; Corruption, Cyber Attack
- Inappropriate treasury instruments
- Local resident disturbances; Social unrest
- Unaffordable rents
- Undue or inappropriate Governing Body Member influence
- Staff disputes

Osprey Group can never fully eliminate the above risks. However, the Group has robust risk management procedures to mitigate their effect.

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

31 MARCH 2020

New Strategic Business Plan 2019-23

In September 2019, the Board approved a new corporate 5 year Strategic Business Plan for 2019-2023. The Plan sets out the Group's vision, mission and ambitions up to 2023. It explains the Group Structure and operating environment and in particular identifies key challenges facing the Osprey Group.

These include the changing economy, changing housing market in the North East of Scotland, uncertain impact of Brexit, Scottish Government elections in 2021, increased safety and regulatory requirements, continuing high level of demand for housing and, ensuring we keep the homes we provide affordable.

It did not of course anticipate the COVID-19 pandemic and its impact on the Group's business activities.

The plan sets out our Vision, Mission & Ambitions:

Vision:

“Making a difference every day”

Mission:

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

Core Values:

AMBITION – empowering through innovation and challenge.

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

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

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

The plan goes on to highlight four key Strategic Ambitions:

- 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)
(Continued)

31 MARCH 2020

New Strategic Business Plan (2019/23) (continued)

Our focus on maintaining and improving our financial viability is clearly bearing fruit. It has ensured that we have strong liquidity and resilience, which has been essential in protecting the business during the COVID-19 restrictions. Along with a clear business continuity implementation plan to deal with the initial crisis of COVID-19 followed by an ordered response phase, at the time of writing this report we are delighted to say the Osprey Group is in a very strong position to begin its recovery plan.

The Board of Directors of OHL/OIL and Committee of Management of OHM wish to recognise the efforts of the Governing Bodies and Staff of the Osprey Group. The way they have directed, managed and performed in taking the Group through an unprecedented and very difficult time has provided immense confidence in service delivery, resilience and our business overall. We will emerge with a business model orientated towards a “new normal” but in very good health and look forward with optimism.

We intend to maintain this momentum through the period of the plan by continuing to work hard to achieve sustainable efficiencies and value for money for our tenants and other customers.

We are committed to safeguarding our tenants’ interests and offering the best possible service standards and customer experience we can – even in very changed circumstances. We will strive to meet the needs and priorities of our customers through engagement with Osprey Tenants & Residents Association (OTRA) and our wider tenant base.

We will complement our investment in the provision of new housing with a fully funded repairs, maintenance and planned improvement programme for our 1,724 existing homes. Our reviewed Asset Management Strategy provides for ongoing compliance with the Scottish Housing Quality Standard (SHQS), Energy Efficiency Standards in Social Housing (ESSH) and more stringent fire safety requirements.

Part of the new business plan approach incorporates implementation of a new Development Strategy. The plan sets out our approach to growth including continued investment in the development of new affordable housing throughout our areas of operation. We will deliver these new homes, as we always do, in partnership with local authorities, the Scottish Government, our funders and developer partners. It illustrates how we will go about achieving our ambitions and sets out how we will invest in and develop our people and make Osprey a great organisation.

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

31 MARCH 2020

New Strategic Business Plan (2019-23) (continued)

The Plan embraces our guiding principles:

- Excellent customer service
- Value for money
- Compliance
- Good governance
- Risk awareness and effective risk management
- Reputation
- A clear ethical and social purpose
- A commitment to complete what we set out to do
- Collective responsibility
- Sustainability
- Empowerment
- Inclusion

Governing Body members will monitor progress towards realising our ambitions and will undertake an annual review of the plan. In addition, the organisation will continue to monitor changes in our operating environment – particularly the impact of COVID-19 to manage risk and act upon opportunities that may help us.

Overview of Activities and Performance

The Group has been constantly reviewing its activities, internal operations and approach to service delivery during 2019/20. We strive to achieve continuous improvement with a focus on:

1. Strengthening financial performance and resilience
2. Improving services to tenants and other customers
3. Engaging with tenants and our overall customer base in the best possible way
4. Improving our performance through positive changes to our model of service delivery
5. Improving tenant and staff satisfaction
6. Maximising the potential of digital services, connectivity, artificial intelligence and data analytics
7. Increasing the effectiveness of our strategic partnership working
8. Maximising our contribution to the provision of new homes, dealing with homelessness and supporting local communities across our area of operation

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

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Overview of Activities and Performance (continued)

The OHL Board was pleased with performance during the year. The Group achieved good performance in respect of Key Performance Indicators (KPI's) despite a challenging operational and economic environment although the full impact of COVID-19 will be difficult to assess until well into 2020/21.

Outturn exceeded financial expectations and the OHL/Group surplus remains healthy at the 31 March 2020. However, the COVID-19 impact will necessitate a further detailed review of budgets. The financial business plan inclusive of 30-year projections will also be subject to further stringent stress testing. The Board will review the outcome in Quarter 2 of 2020/21.

Group turnover for the year increased to £10.4m (2019: £10.0m), whilst operating costs for the year increased to £6.3m (2019: £6.2m), resulting in a Group operating surplus of £4.1m (2019: £3.8m). The net comprehensive income after an actuarial gain on pension of £522k (2019: loss of £40k) was £2.6m (2019: £1.7m). This resulted in an increase in net group assets to £15.3m from £12.7m in 2019.

The Governing Bodies reviewed and revised the Asset Management Strategy during the year continuing to place a strong focus on development, energy efficiency, safety, stock improvement and value for money.

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 corrective action in underperforming areas. In addition, monthly operational performance indicators are produced for the OHM Committee of Management. Performance across the Group is constantly monitored and acted upon by the Senior Management Team.

The Board was also pleased at the continuing engagement with Osprey Tenants and Residents Association (OTRA) including continued Tenant Scrutiny activities and OTRA's involvement in the overall Assurance process.

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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)
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Overview of Activities and Performance (continued)

Performance against Key Performance Indicators (Core Business) is set out below together with the Committee's targets for 2020/21:

KPI OHL	Target 2019/2020	Actual 2019/2020	Target 2020/2021
Current rent arrears	3.2%	3.4%	3.9%
Former rent arrears	0.8%	1.0%	0.9%
Void loss	0.5%	0.4%	0.5%
Void performance	14 working days	17 working days	18 working days
Board & Committee attendance	80%	86%	80%
Staff attendance	98%	99%	98%

KPI OHM	Target 2019/2020	Actual 2019/2020	Target 2020/2021
Current rent arrears	3.0%	4.3%	4.3%
Former rent arrears	0.8%	0.9%	0.9%
Void loss	0.5%	0.5%	0.5%
Void performance	16 working days	21 working days	20 working days
Board & Committee attendance	80%	91%	80%
Staff attendance	98%	99%	98%

Osprey's housing stock is compliant with Scottish Housing Quality Standards (with 3 units in abeyance). A fully funded programme to deliver Energy Efficiency in Scottish Social Housing (ESSH) requirements is underway and on target to meet compliance requirements during 2020. Improved fire safety has continued to be a key area of focus during 2019/20 and will continue to be throughout 2020/21.

Investment in stock reflects the Board's ambitions to continue to provide high quality housing that also provides value for money to our tenants.

The Scottish Social Housing Charter (SSHC) incorporates 16 Outcomes and Standards relating broadly to the tenant experience. The Board is pleased to note the Group continues to deliver against the Charter requirements. Our ongoing engagement with OTRA and the Tenants' Scrutiny Panel will ensure further improvements can be made in accordance with tenant and stakeholder expectations.

OHL and the wider Group works closely with local authorities, developers and other stakeholders at both strategic and operational levels. We seek to achieve greater efficiencies and maximise opportunity to expand the range of services provided to tenants.

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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)
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31 MARCH 2020

Overview of Activities and Performance (continued)

Digital Strategy and Information Management

We have already taken major steps to enhance service delivery and communications with tenants. We launched a first version Digital Strategy and initial objectives included the design/implementation of our own App, start redesign of our website, use of social media platforms, in-house design of IT tools to improve efficiency, provision of tablets/better equipment to frontline staff, new contractual arrangements with our hosted IT provider and enhancements to existing systems.

It is our intention to make further progress on our Digital Strategy during 2020/21 in order to help us continue to modernise, improve and reshape the business.

The Board is satisfied the significant preparations made by the Group has ensured compliance with GDPR and, more recent Freedom of Information (FoI) legislation. The Digital Strategy takes full account of the requirement for data protection, data handling and information management.

Particular emphasis has been placed on cyber security given the increase in levels of cyber fraud. In this respect, the Group achieved a “Cyber Essentials” accreditation during the latter part of 2019.

Financial Resilience

The Group has continued to focus on strengthening financial resilience and preserving a level of liquidity that provides a buffer to unexpected economic variances. This approach will prove a major factor in ensuring the Group can manage its way through the initial impact of COVID-19.

It provided the necessary security to enable the organisation to quickly respond to lockdown requirements in March 2020, maintain business stability and continue to provide the best level of service possible under the circumstances. In particular, it enabled business continuity without furloughing any staff which the Governing Bodies considered to be a very important decision to make, sending out the right message during difficult times.

Our objective of increasing our level of financial viability was further realised during 2019/20 with improvement in reserves again a key focus for OHL and the Group. The Internal Management Plan targets in relation to reserve levels against operating expenses were met.

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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)
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31 MARCH 2020

Provision of New Affordable Housing

A new Development Strategy launched during 2019/20 outlines a progressive approach for meeting our ambition to provide great homes. It continues to expand our role in the provision of social and affordable housing and in particular signals a shift towards more modest scale developments in smaller communities where affordable housing is often overlooked. We have agreed this with our local authority partners and while retaining good relationships with existing developer partners have forged new working partnerships with smaller but financially secure local developers in order to achieve this. We remain committed to working in partnership with others to achieve our development goals.

Development opportunities in Moray have continued to be more difficult to come by during 2019/20, which did result in the OHM CoM agreeing to fund two developments in Aberdeenshire that both completed during the year. This represents sensible and effective intra group collaboration to ensure funding facilities are maximised. However, the developments are owned by OHM and contribute to OHM's income and financial position. The new developments in Stonehaven and Peterhead are high quality and much needed in the respective towns.

The Development Strategy is based on a future build programme of up to 50 homes per year across the Group to 31 March 2022. Beyond that is subject to continuing Scottish Government grant funding at current levels and the strategy will be reviewed at least annually, inclusive of risk assessment.

The risk component will be more uncertain than before due to the impact of COVID-19. At the time of writing, the Scottish Government has stated that due to the pandemic it will not meet its planned target of 50,000 new homes across Scotland during the current parliamentary term. It is anticipated that the Government will have to re-evaluate its spending priorities whilst in the run up to elections in 2021. This provides for a volatile political and economic landscape and may directly influence the Group's development ambitions. We will however, aim to continue our programme if it remains viable for us to do so.

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. Moreover, it has ensured a meaningful contribution to meeting local housing need and providing stability and high quality homes to those that may not otherwise have been able to secure a decent home.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2020

Provision of New Affordable Housing (continued)

To date, OHL has committed £11.7m of resources into supporting development activity and is fully utilising the facilities secured from the Lloyds Banking Group during 2016/17 (renewed in March 2020) to fund these projects.

We have re focussed our development activity on Aberdeenshire where opportunities have arisen more readily. Opportunities in Moray remain limited and opportunities have become even more difficult to realise in Aberdeen City.

The housing market conditions in the Aberdeen Housing Market Area (City in particular) remains relatively flat particularly for smaller 1 and 2 bed flatted properties. It continues to require constant monitoring and assessment. The Board of OHL took a strategic decision during 2018/19 to restrict provision of any new Mid-Market rented (MMR) homes and no further provision is in the pipeline following completion of those in the Stonehaven during 2019/20.

The Board remains of the view it will only consider future provision of this tenure on an exceptional basis. This is largely due to the narrowing of rental levels between the Private Rented Sector and MMR homes.

In addition to direct provision of new affordable housing the Group, through OIL, continues to provide managing agency services to the Aberdeen based National Housing Trust LLP's and other landlords. The OIL Board and OHL Board as parent will be monitoring future business activity and longer-term prospects during 2020/21.

Potential Transfer of Engagements

During 2018/19 the OHL Board and OHM Committee of Management examined the merits of a potential transfer of engagements of OHM to OHL as a final step in creating a single landlord identity.

In May 2019, consultants Arneil Johnston were commissioned to conduct an in-depth viability review of our Group's financial business plans. This review recommended that serious consideration be given to consolidating the Group through the collapse of OHM as a Group subsidiary into OH to create a single RSL, particularly in the current economic climate. It concluded that a single entity organisational model would enhance the financial viability of our business plan, provide greater contingency to withstand risk and enhance our future investment potential.

The outcome of this overall evaluation process was that both Governing Bodies agreed a strategic objective to pursue a possible Transfer of Engagements of OHM into the Group parent body, OHL.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2020

Potential Transfer of Engagements (continued)

The proposed merger between OH and OHM is being pursued in the context of our four key Strategic Ambitions. The Governing Bodies believe the Transfer of Engagements option will:

- strengthen our financial position and future financial viability
- generate reductions in expenditure, release internal resources and deliver an enhanced balance sheet position
- improve our resilience to risk and uncertainty
- make us stronger in terms of capacity to deliver good outcomes for tenants/service users
- provide specific benefits to tenants in terms of both affordability and tenancy sustainment and to us in terms of arrears management and mitigation
- enable us to plan with greater confidence and certainty
- improve our capacity for reliable and realistic forward planning to support our investment in our existing homes and communities
- support our ability to respond positively to future changes in safety and quality standards to safeguard our tenants and the long-term viability of our housing stock
- strengthen our ability to continue developing new homes in our communities in the north east of Scotland and to grow and sustain those communities
- streamline our governance and operating structures
- deliver a rent structure that is affordable to tenants in the medium and longer-term
- enable us to consolidate our reputation of being an employer of choice, providing opportunities to develop talent for the benefit of tenants and customers

The proposal requires the support of our funders in order to realise the potential benefits. In this context, a first stage Business Plan was submitted to our funders in December 2019 and received a positive response.

A series of follow up activities were then started to prepare a second stage proposal to meet regulatory requirements and prepare to consult tenants. However, in March 2020 the COVID-19 pandemic and consequent restrictions effectively halted any further progress. At the time of writing, the Group can only undertake supporting preparations until the Scottish Government's route map will permit all necessary activities to be re started.

The process will be affected particularly in relation to tenant engagement and consultation. Both Governing Bodies and the working group established to steer the process will be reviewing the impact.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2020

Treasury Management

The OHL Boards agreed policy is that the Group should not enter into transactions of a speculative nature. At 31 March 2020, the Group had an appropriate mix of fixed and variable rate finance. The banking facility provided by Lloyds, revised with effect from 1st April 2010, was further revised on 5th January 2016 securing a facility of £30.9m. £22m has a fixed interest rate for the duration of the loan, £1.2m has a variable interest rate linked to 3 month LIBOR plus agreed margin and £7.5m has been secured via a 5 year Revolving Credit Facility with an interest rate linked to 3 month LIBOR plus agreed margin. This facility was renewed for a further 5 year period on 10 March 2020. OHM has a facility of £10.4m with the Nationwide Building Society which was confirmed and reapproved as part of the constitutional partnership with OHL and £5m has been secured via a 5 year Revolving Credit Facility with the Bank of Scotland.

The Treasury Management policy was reviewed, updated and approved in May 2019.

Going Concern

Having scrutinised detailed cash flow and business performance forecasts, that have been stress tested to reflect plausible downside scenarios as a result of the COVID-19 pandemic and its impact on the UK economy, the Board is satisfied that it has sufficient cash reserves to enable the Group to meet its obligations as they fall due for a period of a least 12 months from the date of signing of these financial statements.

As such, the directors are satisfied that the Group has adequate resources to continue to operate for the foreseeable future. For this reason, it continues to adopt the going concern basis for preparing these financial statements. Further details are given in Note 1.

Asset Management and Maintenance

The Group is committed to maintaining its properties to the highest possible standard it can within its financial and operating model. The maintenance policies of the Group encompass reactive, cyclical and planned maintenance. Contractors carrying out maintenance on behalf of OHL and OHM have been subject to a rigorous procurement and selection process. Procurement is undertaken in accordance with the Group wide Procurement Strategy, to ensure compliance with legislation.

The Group Asset Management Strategy was reviewed during 2019 and a rolling stock condition survey is undertaken annually. Approximately one fifth of the housing stock is surveyed each year to keep stock condition fully assessed and to inform investment profiling.

OHL will take a robust, value led approach to investment in its stock, taking account of a range of technical, cost, quality and demographic factors. In the meantime, the Board is satisfied that its short, medium and long term forecasts are realistic and provide assurance that compliance with the current Energy Efficiency Standard for Social Housing (EESSH), increased fire safety standards and its own Sustainability Strategy will be achieved. The Board will however, continue to monitor the potential impact proposals for EESSH 2 and ECO3 both of which could have a significant expenditure impact on Housing Associations.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2020

Asset Management and Maintenance (continued)

In the context of the Sustainability Strategy, the Board is delighted to report the successful implementation of an “eco wheels” electric car club initiative in Elgin, which is being supported by OHM. This is part of the Group’s commitment to supporting the community and tackling the climate change agenda.

The cost of revenue repairs and improvements will be charged to the Statement of Comprehensive Income. In line with SORP 2018, replacements of components will be capitalised as they occur. Improvements will also be capitalised if they result in an enhancement of economic benefits to the property.

People Strategy

A clearly stated ambition of the new Strategic Business Plan is a commitment to making the Group “A Great Place to Work”. Our People Strategy is wide ranging encompassing effective human resource management processes, recruitment, training, retention, succession planning and talent management.

A review of the staff structure and job evaluation process was undertaken supported by independent consultants during 2019. The evaluation was designed to ensure full recognition of all posts in the organisation in the fairest way.

The Board recognises the importance of employee involvement. To this end, the Board encourages engagement in all aspects of the business and through a variety of methods and media.

Internal communications are an essential part of the People Strategy and this has been a vital component in our response to the COVID-19 situation with significant efforts going into keeping staff informed and involved at each step of the organisation’s response.

During 2019/20 the Board has supported use of a range of methods to ensure staff involvement in major initiatives (.e. the Transfer of Engagements proposal), policy development, best practice development and performance review. The Group holds strategy events; training and briefings utilising external and internal facilitators. At special events staff have the opportunity to review performance with Governing Body members and tenants for assurance purposes and to discuss and agree strategic objectives.

Regular staff meetings are held to monitor performance against agreed objectives and, there are dedicated project based working groups. In addition, a Colleague Council/Healthy Working Lives Group is established as a forum for a range of staff related issues to be discussed.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2020

People Strategy (continued)

We continue through our “Care, Connect, and Complete” programme to work through a process of attaining Customer Service Excellence accreditation and, we were delighted to be re-accredited with Investors In People Silver status and Healthy Working Lives Bronze status during 2019/20.

The Group is also proud to be accredited as a “Living Wage Employer” and, of the position undertaken in March 2020 when lockdown was implemented for the COVID-19 pandemic. It was agreed that we would not furlough any of the staff team. The value of having a full staff team working throughout the lockdown has emerged in terms of service delivery, maintaining income levels and overall resilience for the organisation.

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 staff Health and Safety Committee which meets at least bi-monthly.

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.

Revenue Reserve

After reviewing day to day working capital requirements, the Board set the Group a target to ensure that it maintains free reserves of at least an amount which would allow the Group to meet its operating costs for approximately six months. At 31 March 2020, six months operating costs equate to approximately £3.1m, including all repairs. This target has been met in the current financial year. Undesignated revenue reserves at 31 March 2020 are £16.2m (2019: £13.9m).

Changes in Fixed Assets

Changes in fixed assets are set out in note 10.

Rent Policy

The Board has taken significant steps to minimise rent increases and were pleased the Group was able to ensure for the fifth successive year the rent increase for OHL tenants (and across the Group) was minimised. Rent and service charge affordability will continue to be critical to the wellbeing of both tenants and the Group. Regular stress testing through affordability analysis is a feature of our approach to rent setting.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2020

Rent Policy (continued)

Initial rents for new housing developments are set through a benchmarking process associated with the Housing Association Grant (HAG) grant framework as agreed with the Scottish Government.

Rents for existing social housing properties are set by annual review and by governing body approval. Service charges are also reviewed annually and are based on the actual costs of the services provided.

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 in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

Appointment of auditors

RSM UK Audit LLP 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: 26 August 2020

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF BOARD RESPONSIBILITIES

31 MARCH 2020

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.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

BOARD'S STATEMENT ON INTERNAL FINANCIAL CONTROL

31 MARCH 2020

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.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

BOARD'S STATEMENT ON INTERNAL FINANCIAL CONTROL
(Continued)

31 MARCH 2020

The Board has reviewed the system of internal financial control in the Group during the year ended 31 March 2020. 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: 26 August 2020

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF THE OSPREY
HOUSING LIMITED ON INTERNAL FINANCIAL CONTROLS**

31 MARCH 2020

In addition to our audit of the Financial Statements, we have reviewed your statement on Pages 28 to 29 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 28 to 29 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

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

Date: 2/5/20.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2020

Opinion

We have audited the financial statements of Osprey Housing Limited (the 'Association') and its subsidiaries (the 'Group') for the year ended 31 March 2020 which comprise the Statement of Comprehensive Income - Group, the Statement of Comprehensive Income - Association, the Statement of Financial Position - Group, the Statement of Financial Position - Association, the Statement of Changes in Reserves - Group, the Statement of Changes in Reserves - Association, the Statement of Cashflows - Group, the Statement of Cashflows - Association, and notes to the financial statements, including a summary of 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 2020 and of the group's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the Board's use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the Board has not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date 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 2020

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. 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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).

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 parent company, 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.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2020

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 27, 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 are responsible for assessing the group's and the parent 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 intend to liquidate the group or the parent company 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.

A further description of our responsibilities for the audit of the financial statements is located 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
First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Date: 2/5/20.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF COMPREHENSIVE INCOME – GROUP

FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Year ended 31 March 2020 £	Restated Year ended 31 March 2019 £
Turnover	2a	10,448,162	9,992,592
Less: Operating Costs	2a	(6,269,954)	(6,266,588)
(Loss) on disposal of Property		(42,120)	(16,534)
Operating Surplus	2a	4,136,088	3,709,470
Fair value (loss) on Investment Property	28	(35,000)	-
Interest receivable and other income		17,518	6,548
Interest payable and similar charges	5	(2,022,453)	(2,007,314)
Surplus before taxation	6	2,096,153	1,708,704
Taxation	8	-	12,475
Surplus for the year		2,096,153	1,721,179
Initial recognition of multi-employer defined benefit scheme – SHAPS	24	-	(12,966)
Actuarial gain/(loss) on pension schemes	24	522,000	(40,000)
Total Comprehensive Income for the year		2,618,153	1,668,213

The results relate wholly to continuing activities.

The accompanying notes on pages 42 to 87 form part of these financial statements.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF COMPREHENSIVE INCOME – ASSOCIATION
FOR THE YEAR ENDED 31 MARCH 2020

	Notes	Year ended 31 March 2020 £	Restated Year ended 31 March 2019 £
Turnover	2b	7,182,856	6,947,828
Less: Operating Costs	2b	(4,330,080)	(4,139,266)
Gain on disposal of Property		21,875	1,274
Operating Surplus	2b	2,874,651	2,809,836
Fair value (loss) on Investment Property	28	(35,000)	-
Interest receivable and other income		6,563	-
Interest payable and similar charges	5	(1,664,657)	(1,659,485)
Surplus for the year	6	1,181,557	1,150,351
Actuarial (loss)/gain on pension scheme	24	499,000	(29,000)
Total Comprehensive Income for the year		1,680,557	1,121,351

The results relate wholly to continuing activities.

The accompanying notes on pages 42 to 87 form part of these financial statements.

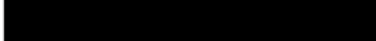

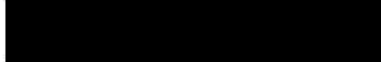
OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION – GROUP AS AT 31 MARCH 2020
Company Number: SC198586

AS AT 31 MARCH 2020

	Notes	31 March 2020 £	Restated 31 March 2019 £
Intangible Fixed Assets	9	95,909	127,546
Tangible Fixed Assets			
Housing Properties	10a	129,682,512	125,980,406
Other Fixed Assets	10d	646,589	650,122
Investment Properties	10f	400,000	435,000
		<u>130,729,101</u>	<u>127,065,528</u>
Current Assets			
Debtors	12	573,914	822,814
Cash at bank and in hand		<u>6,751,677</u>	<u>7,238,139</u>
		7,325,591	8,060,953
Creditors: amounts falling due within one year	13	<u>(3,850,296)</u>	<u>(5,278,261)</u>
Net current assets		<u>3,475,295</u>	<u>2,782,692</u>
Total assets less current liabilities		134,300,305	129,975,766
Creditors: amounts falling due after more than one year	14	(118,110,201)	(116,024,812)
Net assets excluding pension liability		16,190,104	13,950,954
Defined benefit pension liability	24	<u>(854,000)</u>	<u>(1,233,000)</u>
Net Assets including pension liability		<u>15,336,104</u>	<u>12,717,954</u>
Capital and Reserves			
Share Capital	21	30	33
General Reserve	22	16,190,074	13,950,921
Pension Reserve	23	<u>(854,000)</u>	<u>(1,233,000)</u>
		<u>15,336,104</u>	<u>12,717,954</u>

These financial statements on pages 42 to 87 were approved by the Board and authorised for issue on 26 August 2020 and signed on their behalf by:

Board Member		Michael Scott
Board Member		Stuart Robertson
Board Member		Robert Hepburn

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION – ASSOCIATION AS AT 31 MARCH 2020
Company Number: SC198586

AS AT 31 MARCH 2020

	Notes	31 March 2020 £	Restated 31 March 2019 £
Intangible Fixed Assets	9	68,612	91,784
Tangible Fixed Assets			
Housing Properties	10b	88,413,443	86,888,734
Other Fixed Assets	10e	450,584	448,500
Investment Properties	10f	400,000	435,000
		<u>89,264,027</u>	<u>87,772,234</u>
Fixed Asset Investments			
Investments	11	101	101
Current Assets			
Debtors	12	441,819	372,410
Cash at bank and in hand		4,049,506	4,229,038
		<u>4,491,325</u>	<u>4,601,448</u>
Creditors: amounts falling due within one year	13	<u>(2,377,968)</u>	<u>(3,034,195)</u>
Net current assets		<u>2,113,357</u>	<u>1,567,253</u>
Total assets less current liabilities		91,446,097	89,431,372
Creditors: amounts falling due after more than one year	14	(81,562,425)	(80,887,257)
Net assets excluding pension liability		9,883,672	8,544,115
Defined Benefit pension liability	24	<u>(823,000)</u>	<u>(1,164,000)</u>
Net Assets including pension liability		<u>9,060,672</u>	<u>7,380,115</u>
Capital and Reserves			
General Reserve	22	9,883,672	8,544,115
Pension Reserve	23	<u>(823,000)</u>	<u>(1,164,000)</u>
		<u>9,060,672</u>	<u>7,380,115</u>

These financial statements on pages 42 to 87 were approved by the Board and authorised for issue on 26 August 2020 and signed on their behalf by:

Board Member

Michael Scott

Board Member

Stuart Robertson

Board Member

Robert Hepburn

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF CHANGES IN RESERVES - GROUP

FOR THE YEAR ENDED 31 MARCH 2020

	Share Capital	Income and expenditure reserve	Pension Reserve	Total
	£	£	£	£
Balance at 1 April 2018 (restated)	42	12,082,708	(1,033,000)	11,049,750
Surplus for the year	-	1,721,179	-	1,721,179
Initial recognition of pension scheme liability - SHAPS	-	(12,966)	-	(12,966)
Actuarial (loss) on pension schemes	-	(40,000)	-	(40,000)
Transfer from/(to) pension reserve	-	200,000	(200,000)	-
Share capital cancelled	(9)	-	-	(9)
Balance as at 31 March 2019 (restated)	33	13,950,921	(1,233,000)	12,717,954
Surplus for the year	-	2,096,153	-	2,096,153
Actuarial gain on pension schemes	-	522,000	-	522,000
Transfer (to)/from pension reserve	-	(379,000)	379,000	-
Share capital issued	2	-	-	2
Share capital cancelled	(5)	-	-	(5)
Balance at 31 March 2020	30	16,190,074	(854,000)	15,336,104

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF CHANGES IN RESERVES - ASSOCIATION

FOR THE YEAR ENDED 31 MARCH 2020

	Income and expenditure reserve £	Pension Reserve £	Total £
Balance at 1 April 2018 (restated)			
Surplus for the year	7,291,764	(1,033,000)	6,258,764
Actuarial gain on pension scheme	1,150,351	-	1,150,351
Transfer from/(to) pension reserve	(29,000)	-	(29,000)
	131,000	(131,000)	-
Balance as at 31 March 2019 (restated)	8,544,115	(1,164,000)	7,380,115
Surplus for the year	1,181,557	-	1,181,557
Actuarial (loss) on pension scheme	499,000	-	499,000
Transfer (to)/from pension reserve	(341,000)	341,000	-
Balance at 31 March 2020	9,883,672	(823,000)	9,060,672

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF CASHFLOWS - GROUP

YEAR TO 31 MARCH 2020

	Notes	2020 £	Restated 2019 £
Net cash generated from operating activities	17	3,457,195	4,182,765
Income taxes paid		-	(12,475)
NET CASH FROM OPERATING ACTIVITIES		<u>3,457,195</u>	<u>4,170,290</u>
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(5,690,010)	(6,469,899)
Purchase of intangible fixed assets		-	(10,858)
Proceeds from sale of tangible fixed assets		49,358	75,309
Grants received		2,170,797	4,025,716
Interest received		17,518	6,548
NET CASH (USED IN) INVESTING ACTIVITIES		<u>(3,452,337)</u>	<u>(2,373,184)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(2,035,755)	(1,973,076)
New secured loans		2,000,000	1,000,000
Borrowing fee		(56,250)	
Repayments of borrowings		(399,315)	(370,867)
NET CASH (USED IN) FINANCING ACTIVITIES		<u>(491,320)</u>	<u>(1,343,943)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		<u>(486,462)</u>	453,163
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>7,238,139</u>	6,784,976
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>6,751,677</u>	<u>7,238,139</u>
 Relating to:			
Bank balances and short term deposits included in cash at bank and in hand		6,751,677	7,238,139
Overdrafts included in "creditors: amounts falling due within one year"		-	-
		<u>6,751,677</u>	<u>7,238,139</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF CASHFLOWS - ASSOCIATION

YEAR TO 31 MARCH 2020

	Notes	2020 £	Restated 2019 £
Net cash generated from operating activities	17	2,852,566	3,552,686
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(2,863,399)	(1,630,648)
Purchase of intangible fixed assets		-	(8,056)
Proceeds from sale of tangible fixed assets		49,358	75,310
Grants received		1,595,874	470,951
Interest received		6,563	-
NET CASH (USED IN) INVESTING ACTIVITIES		<u>(1,211,604)</u>	<u>(1,092,443)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(1,679,244)	(1,625,247)
Borrowings fee		(56,250)	-
Repayments of borrowings		(85,000)	(68,000)
NET CASH (USED IN) FINANCING ACTIVITIES		<u>(1,820,494)</u>	<u>(1,693,247)</u>
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS		<u>(179,532)</u>	<u>766,996</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>4,229,038</u>	<u>3,462,042</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>4,049,506</u>	<u>4,229,038</u>
 Relating to:			
Bank balances and short term deposits included in cash at bank and in hand		4,049,506	4,229,038
Overdrafts included in "creditors: amounts falling due within one year"		-	-
		<u>4,049,506</u>	<u>4,229,038</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2020

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 13 Queens Road, Aberdeen, AB15 4YL. The Association's principal activities and the nature of the Association's operations are detailed in the Report of the Board.

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

(a) Introduction and accounting basis

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 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 (£).

(b) Critical Accounting Estimates and Areas of Judgement

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

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

Critical accounting estimates

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the asset management projections, reactive repairs expenditure, recoverability of rent arrears, bad debt provision, and obligations under a defined benefit pension scheme.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

AS AT 31 MARCH 2020

1. Accounting Policies (continued)

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

Gain or loss on sale of fixed assets

Gain/losses on sale of fixed assets are treated as operating activities and are shown in operating surplus.

Defined benefit obligation

In determining the Association's share of the underlying assets and liabilities of the North East Scotland Pension Fund, the valuation prepared by the Scheme actuary includes estimations in relation to life expectancy, salary growth, inflation and the discount rate on corporate bonds.

Management's estimate of the SHAPS 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 24). The net defined benefit pension liability at 31 March 2020 was £31,000.

(c) 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.

The Group has prepared detailed financial projections that demonstrate that it has sufficient financial resources to ensure that it meets its commitments in the short, medium and longer term.

These financial projections have been updated and stress tested to reflect plausible downside scenarios resulting from the COVID-19 pandemic and its likely impact on the UK economy. The projections included increased provision for void rent loss, rent arrears and bad debts.

However, Q1 performance has been excellent

- rent arrears down by 0.8% in OH and 0.2% in OHM
- rent collection rate of 108.2% in OH and 100.7% in OHM
- void rent loss of 0.8% in OH and 1.0% in OHM
- net asset position strengthening to £3.7m in OH and £2.1m in OHM
- increase in group cash balances of £400k to £7.2m

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

AS AT 31 MARCH 2020

1. Accounting Policies (continued)

(c) Going Concern (continued)

The Group has no significant loan repayments falling due within the next 12 months and the projections demonstrate there are no issues in relation to existing loan covenants.

Therefore, it remains appropriate to prepare the financial statements on the going concern basis.

(d) Consolidation

The accounts consolidate the results and net assets of the Association's wholly owned subsidiary entities, Osprey Initiatives Limited (a private company limited by shares registered in Scotland) and Osprey Housing Moray (an RSL registered under the Co-operative and Community Benefits Societies Act 2014 in Scotland), using acquisition accounting.

(e) Turnover

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

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

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

(f) 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.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

AS AT 31 MARCH 2020

1. Accounting Policies (continued)

(g) 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.

(h) 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.

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

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

AS AT 31 MARCH 2020

1. Accounting Policies (continued)

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

- 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.

(i) 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.

(j) Depreciation – Housing Properties

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

Land	Not Depreciated
Structure	100 years
Kitchen	20 years
Bathroom	25 years
Doors	25 years
Windows	25 years
Heating System	30 years
Boiler	15 years
Insulation	20 years

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

AS AT 31 MARCH 2020

1. Accounting Policies (continued)

(k) Depreciation – Other Fixed Assets

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

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

(l) Development Administration Costs

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

(m) Government Grants

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

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

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

(n) Other Grants

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

(o) Impairment of Fixed Assets

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

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2020

1. Accounting Policies (continued)

(o) Impairment of Fixed Assets (continued)

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.

(p) 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.

(q) Operating Leases

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

(r) 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.

(s) Deposits and Liquid Resources

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

(t) Investments

Investments are stated at cost.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

AS AT 31 MARCH 2020

1. Accounting Policies (continued)

(u) 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.

(v) 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.

(w) 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.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

1. Accounting Policies (continued)

(w) 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 2020

1. Accounting Policies (continued)

(x) Pensions

OHL participates in a defined benefit scheme operated by the North East Scotland Pension Fund. This was closed to new entrants on 31 August 2017. All new entrants are enrolled into the defined contribution section of the Scottish Housing Association Pension Scheme (SHAPS), administered by The Pensions Trust.

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.

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

For the financial year ended 31 March 2018 and before, it was not possible for the Association to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the Association had accounted for the Scheme as a defined contribution scheme.

Since the financial year ending 31 March 2019, it has been possible to obtain sufficient information to enable the Association to account for the Scheme as a defined benefit scheme.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

1. Accounting Policies (continued)

(x) Pensions (continued)

For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September 2018. The liability figures from this valuation were rolled forward for the accounting year-end 31 March 2019. 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.

Similarly, an actuarial valuation of the scheme was carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive.

(y) Change in accounting policy

The introduction of the FRS 102 Triennial Review for periods commencing on or after 1 January 2019 removed the exemption with regards to not valuing the investment property element of mixed-use property if it was deemed to cause "undue cost or effort". This exemption was previously applied by the Group but as this is no longer available, the Group now adopts a policy of holding the investment property element of the mixed-use property at fair value. This change in accounting policy has been applied retrospectively in line with FRS102 and the prior year figures for fixed assets and investment property restated accordingly. Further information is provided in note 10f and note 28.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

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

	Note	Turnover	Operating Costs	(Loss) on Disposal of fixed assets	Operating Surplus	Restated Operating Surplus for Previous period of account
		£	£	£	£	£
Affordable Lettings	3a	10,150,221	(5,986,890)	-	4,163,331	3,640,711
Other activities	3c	297,941	(283,064)	-	14,877	85,293
(Loss) on disposal of fixed assets		-	-	(42,120)	(42,120)	(16,534)
Total		10,448,162	(6,269,954)	(42,120)	4,136,088	3,709,470
Restated Total for previous period		9,992,592	(6,266,588)	(16,534)	3,709,470	

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

	Note	Turnover	Operating Costs	Gain on Disposal of fixed assets	Operating Surplus	Restated Operating Surplus for Previous period of account
		£	£	£	£	£
Affordable Lettings	3b	6,554,193	(4,054,530)	-	2,499,663	2,386,227
Other activities	3d	628,663	(275,550)	-	353,113	422,335
Gain on disposal of fixed assets		-	-	21,875	21,875	1,274
Total		7,182,856	(4,330,080)	21,875	2,874,651	2,809,836
Restated Total for previous period		6,947,828	(4,139,266)	1,274	2,809,836	

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

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

Group	2020	Restated 2019
	£	£
Rents receivable net of identifiable service charges	8,839,071	8,416,482
Service charges	179,473	180,261
Gross income from rents and service charges	9,018,544	8,596,743
Less: voids	(57,559)	(44,661)
Net income from rents and service charges	8,960,985	8,552,082
Grants released from deferred income	1,189,236	1,160,924
Other revenue grants	-	-
Total turnover from affordable letting activities	10,150,221	9,713,006
Management and maintenance administration costs	2,354,314	2,445,998
Service costs	171,414	166,881
Planned and cyclical maintenance including major repairs costs	441,000	386,579
Reactive maintenance costs	1,067,100	1,128,209
Bad debts – rent and service charges	81,837	134,539
Depreciation of social housing	1,871,225	1,810,089
Operating costs for affordable letting activities	5,986,890	6,072,295
Operating surplus for affordable lettings	4,163,331	3,640,711
Operating surplus for affordable lettings for previous period of account	3,640,711	

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

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

	2020	Restated 2019
Association		
	£	£
Rents receivable net of identifiable service charges	5,699,367	5,503,806
Service charges	143,453	142,688
Gross income from rents and service charges	5,842,820	5,646,494
Less: voids	(25,113)	(20,744)
Net income from rents and service charges	5,817,707	5,625,750
Grants released from deferred income	736,486	717,801
Other revenue grants	-	-
Total turnover from affordable letting activities	6,554,193	6,343,551
Management and maintenance administration costs	1,630,489	1,518,053
Service costs	124,514	135,185
Planned and cyclical maintenance including major repairs costs	235,241	223,699
Reactive maintenance costs	738,194	728,892
Bad debts – rent and service charges	35,404	105,155
Depreciation of social housing	1,290,688	1,246,340
Operating costs for affordable letting activities	4,054,530	3,957,324
Operating surplus for affordable lettings	2,499,663	2,386,227
Operating surplus for affordable lettings for previous period of account	2,386,227	

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

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	-	34,318	-	-	34,318	-	20,543	13,775	-
Factoring	-	-	-	4,781	4,781	3,722	-	1,059	4,781
Development and construction of property	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	14,034	14,034	-	11,793	2,241	9,865
Other agency/management services	-	-	-	75,918	75,918	-	63,794	12,124	22,397
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non- registered social landlords	-	-	-	-	-	-	-	-	-
Other activities	33,032	5,000	-	130,858	168,890	74,916	108,296	(14,322)	48,250
Total from other activities	33,032	39,318	-	225,591	297,941	78,638	204,426	14,877	85,293
Total from other activities for the previous period of account	61,107	24,534	-	193,945	279,586	-	194,293	85,293	

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

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

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total turnover	Operating costs – bad debts	Other operating costs	Operating surplus	Operating surplus for previous period of account
	£	£	£	£	£	£	£	£	£
Wider action/Wider role	-	8,098	-	-	8,098	-	6,749	1,349	-
Factoring	-	-	-	4,781	4,781	3,720	-	1,061	4,781
Development and construction of property	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	-	-	-	-	-	-
Developments for sale to RSLs	-	-	-	138,850	138,850	-	138,850	-	25,950
Mid market Rent Lease Income	-	-	-	-	-	-	-	-	-
Other activities	17,702	5,000	-	350,690	350,690	-	-	350,690	350,690
	17,702	5,000	-	103,542	126,244	53,350	72,881	13	40,914
Total from other activities	17,702	13,098	-	597,863	628,663	57,070	218,480	353,113	422,335
Total from other activities for the previous period of account	36,812	-	-	567,465	604,277	-	181,942	422,335	

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

4. Housing Stock

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

Group

	2020	2019
	No	No
General Needs	1,624	1,553
Mid-Market	88	77
Shared Ownership (LIFT properties)	29	29
Factoring (Owner Occupiers)	20	20
Total units in management	<u>1,761</u>	<u>1,679</u>

The 88 Mid-Market units are held to fulfil an affordable housing need and are therefore not investment properties.

Association

	2020	2019
	No	No
General Needs	1,059	1,041
Mid-Market	77	77
Shared Ownership (LIFT properties)	29	29
Factoring (Owner Occupiers)	20	20
Total units in management	<u>1,185</u>	<u>1,167</u>

The 77 Mid-Market units are held to fulfil an affordable housing need and are therefore not investment properties.

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

Group

	2020	2019
	No	No
Leased units to Aberdeenshire Council	4	5
Leased units to Moray Council	6	7
Leased to Other Third Parties	2	2
	<u>12</u>	<u>14</u>

Association

	2020	2019
	No	No
Leased units to Aberdeenshire Council	4	5
Leased to Other Third Parties	2	2
	<u>6</u>	<u>7</u>

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

5. Interest payable	2020	2019
Group	£	£
Loan Interest	1,993,453	1,981,314
Net finance gain on pension liability	29,000	26,000
	<u>2,022,453</u>	<u>2,007,314</u>
Association		
Loan Interest	1,636,657	1,634,485
Net finance gain on pension liability	28,000	25,000
	<u>1,664,657</u>	<u>1,659,485</u>

6. Operating Surplus

This is stated after charging the following:

	2020	Restated 2019
Group	£	£
Directors' Remuneration	186,278	184,220
Auditors remuneration – audit services	30,338	30,383
Other bodies relating to Auditor	13,201	8,814
Internal Audit	6,824	5,853
Operating leases	10,907	9,982
Release of Capitalised Facility Fee	40,731	29,481
Amortisation of intangible fixed assets	31,637	32,160
Depreciation of housing properties	1,871,225	1,810,089
Depreciation of other tangible fixed assets	28,734	28,216
Impairment of other tangible fixed assets	-	209,781
	<u>-</u>	<u>209,781</u>
Association		
Directors' Remuneration	186,278	184,220
Auditors remuneration – audit services	14,509	14,246
Other bodies relating to Auditor	10,428	5,525
Internal Audit	4,700	4,031
Operating leases	10,907	9,590
Release of Capitalised Facility Fee	29,898	18,648
Amortisation of intangible fixed assets	23,172	22,834
Depreciation of housing properties	1,290,688	1,246,340
Depreciation of other tangible fixed assets	<u>18,435</u>	<u>16,592</u>

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

7. Employees	2020	2019
Group	£	£
Wages and salaries	1,166,403	1,120,611
Social Security costs	103,979	117,156
Other Pension costs	201,976	196,135
	<u>1,472,358</u>	<u>1,433,902</u>

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

Housing Management	20	20
Corporate	6	5
Business Support	7	8
	<u>33</u>	<u>33</u>

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

	2020	2019
	£	£
From Above	1,472,358	1,433,902
SHAPS Pension Deficit	15,556	15,102
Capitalised Salary Costs	(25,125)	(24,562)
	<u>1,462,789</u>	<u>1,424,442</u>

	2020	2019
Association	£	£
Wages and salaries	934,007	894,479
Social Security costs	81,833	92,680
Other Pension costs	180,675	173,817
	<u>1,196,515</u>	<u>1,160,976</u>

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

Housing Management	14	13
Corporate	6	5
Business Support	6	7
	<u>26</u>	<u>25</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

7. Employees (continued)

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

	2020	2019
	£	£
From Above	1,196,515	1,160,976
Staff Costs recharged to OHM	(332,291)	(321,715)
Staff Costs recharged from OHM	199,816	191,715
Capitalised Salary Costs	(10,517)	(9,849)
	<u>1,053,523</u>	<u>1,021,127</u>

No non-staff members of the Board of OHL, Committee of Management of OHM or Board of OIL received any remuneration.

Key management personnel are defined as the Chief Executive, Glenn Adcock and the Chief Finance Officer, Gary Walker.

There are 2 members of key management personnel who received emoluments of £60,000 or more (2019: 2).

	2020	2019
	£	£
Group and Association		
Aggregate emoluments for key management personnel (excluding pension contributions)	152,609	150,917
Pension contributions for key management personnel	33,669	33,303
Total	186,278	184,220

Aggregate emoluments of the Chief Executive (excluding pension contributions)	89,780	86,139
Pension contributions for the Chief Executive	19,880	19,065
Total	109,660	105,204

The Chief Executive and Chief Finance Officer are members of the LGPS defined benefit scheme as disclosed in note 24.

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

	2020	2019
	No	No
Group and Association		
£60,001 - £70,000	-	-
£70,001 - £80,000	1	1
£80,001 - £90,000	-	-
£90,001 - £100,000	-	-
£100,001 - £110,000	1	1

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

8. Taxation (Group)	2020	2019
	£	£
UK Corporation Tax on profits for the year	-	(12,475)
Total Current Tax	-	(12,475)
Factors affecting the tax charge for the year:		
Surplus on ordinary activities of OIL multiplied by the standard rate of corporation tax (19%)	16,839	17,553
Expenses not deductible for tax purposes	-	-
Group relief	(16,839)	(17,553)
Amounts in respect of prior periods	-	(12,475)
Current tax charge for the period	-	(12,475)

9. Intangible Fixed Assets

Group

	IT Software
Cost	£
At 1 April 2019	314,074
Additions during year	-
	<u>314,074</u>
Amortisation	
At 1 April 2019	(186,528)
Charge for year	(31,637)
At 31 March 2020	<u>(218,165)</u>
Net Book Value	
At 31 March 2020	<u>95,909</u>
At 31 March 2019	<u>127,546</u>

Association

	IT Software
Cost	£
At 1 April 2019	224,531
Additions during year	-
	<u>224,531</u>
Amortisation	
At 1 April 2019	(132,747)
Charge for year	(23,172)
At 31 March 2020	<u>(155,919)</u>
Net Book Value	
At 31 March 2020	<u>68,612</u>
At 31 March 2019	<u>91,784</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

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

	Housing Properties under construction	Housing Properties held for letting	Total
Cost	£	£	£
At 1 April 2019	6,635,905	137,392,421	144,028,326
Additions during year	4,789,953	874,855	5,664,808
Disposals during year	-	(274,696)	(274,696)
Transfers	(10,236,455)	10,236,455	-
At 31 March 2020	<u>1,189,403</u>	<u>148,229,035</u>	<u>149,418,438</u>
Depreciation			
At 1 April 2019	-	(18,047,920)	(18,047,920)
Charge for year	-	(1,871,224)	(1,871,224)
Disposals during year	-	183,218	183,218
At 31 March 2020	<u>-</u>	<u>(19,735,926)</u>	<u>(19,735,926)</u>
Net Book Value			
At 31 March 2020	<u>1,189,403</u>	<u>128,493,109</u>	<u>129,682,512</u>
At 31 March 2019	<u>6,635,905</u>	<u>119,344,501</u>	<u>125,980,406</u>

Interest of £nil (2019: £nil) has been included in cost of housing properties. All land and property is owned by the Group. No properties are held under lease. Included in Housing Properties is Land with a value of £22,962,123 (2019: £21,377,406) which is not depreciated.

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

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

	Housing Properties under construction	Housing Properties held for letting	Total
Cost	£	£	£
At 1 April 2019	1,018,481	96,856,947	97,875,435
Additions during year	2,320,271	522,609	2,842,880
Disposals during year	-	(93,262)	(93,262)
Transfers	(2,217,393)	2,217,393	-
At 31 March 2020	1,121,366	99,503,687	100,625,053
Depreciation			
At 1 April 2019	-	(10,986,701)	(10,986,701)
Charge for year	-	(1,290,688)	(1,290,688)
Disposals during year	-	65,779	65,779
At 31 March 2020	-	(12,211,610)	(12,211,610)
Net Book Value			
At 31 March 2020	1,121,366	87,292,077	88,413,443
At 31 March 2019	1,018,488	85,870,246	86,888,734

Interest of £nil (2019: £nil) has been included in cost of housing properties. All land and property is owned by the Association. No properties are held under lease. Included in Housing Properties is Land with a value of £15,555,597 (2019: £15,282,776) which is not depreciated.

10c.) Expenditure on existing properties

	Year ended 31 March 2020	Year ended 31 March 2019
Group	£	£
Major repairs expensed	-	-
Replacement of components	874,855	719,520
Total	874,855	719,520
	Year ended 31 March 2020	Year ended 31 March 2019
Association	£	£
Major repairs expensed	-	-
Replacement of components	522,609	590,806
Total	522,609	590,806

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

10d.) Other Tangible Fixed Assets - Group

	IT Equipment	Furniture, Fittings & Equipment	Office Property	Total
	£	£	£	£
Cost				
At 1 April 2019 (restated)	131,245	107,257	1,791,252	2,029,754
Restatement (note 28)	-	-	(650,127)	(650,127)
At 1 April 2019 (restated)	131,245	107,257	1,141,125	1,379,627
Additions during year	15,341	9,861	-	25,202
Disposals during year	-	-	-	-
At 31 March 2020	146,586	117,118	1,141,125	1,404,829
Depreciation				
At 1 April 2019 (original)	(112,009)	(101,506)	(740,982)	(954,497)
Restatement (note 28)	-	-	224,992	224,992
At 1 April 2019 (restated)	(112,009)	(101,506)	(515,990)	(729,505)
Charge for the year	(7,075)	(2,162)	(19,498)	(28,735)
Disposals during year	-	-	-	-
At 31 March 2020	(119,084)	(103,668)	(535,488)	(758,240)
Net Book Value				
At 31 March 2020	27,502	13,450	605,637	646,589
At 31 March 2019 (restated)	19,236	5,751	625,135	650,122

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

10e.) Other Tangible Fixed Assets - Association

	IT Equipment	Furniture, Fittings & Equipment	Office Property	Total
	£	£	£	£
Cost				
At 1 April 2019 (original)	120,401	61,762	1,300,254	1,482,417
Restatement (note 28)	-	-	(650,127)	(650,127)
At 1 April 2019 (restated)	120,401	61,762	650,127	832,290
Additions during year	11,955	8,564	-	20,519
Disposals during year	-	-	-	-
At 31 March 2020	132,356	70,326	650,127	852,809
Depreciation				
At 1 April 2019 (original)	(101,932)	(58,866)	(449,984)	(608,782)
Restatement (note 28)	-	-	224,992	224,992
At 1 April 2019 (restated)	(101,932)	(56,866)	(224,992)	(383,790)
Charge for the year	(6,748)	(2,010)	(9,677)	(18,435)
Disposals during year	-	-	-	-
At 31 March 2020	(108,680)	(58,876)	(234,669)	(402,225)
Net Book Value				
At 31 March 2020	23,676	11,450	415,458	450,584
At 31 March 2019 (restated)	18,469	4,896	425,135	448,500

The Group has restated the prior year figures with 50% of the property deemed to be office property and 50% recognised as investment property.

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

10f.) Investment Property – Group and Association

	Investment Property
	£
Valuation	
At 1 April 2019 (original)	-
Restatement (note 28)	435,000
At 1 April 2019 (restated)	435,000
Revaluation	(35,000)
As at 31 March 2020	400,000

The Group's office property in Westhill, Aberdeen was valued by Graham + Sibbald, Chartered Surveyors, on 1 July 2020 at a value of £800,000. The Directors believe that this valuation is reflective of the value at 31 March 2020. 50% of the property is deemed to be office property and therefore held within property, plant and equipment and 50% is recognised as investment property – based on the valuation, this is £400,000.

11. Investment	2020	2019
	£	£
Association		
Shares in unlisted subsidiary companies at cost	101	101

The subsidiary companies at 31 March 2020 were 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 and Osprey Housing Moray which is a Co-operative and Community Benefits Society which provides affordable houses for rent in Moray. Osprey Housing Limited holds 100% of the share capital in Osprey Initiatives Limited and the controlling share in Osprey Housing Moray.

The results of Osprey Housing Moray for the year ended 31 March 2020 are as follows:

Surplus for the year after Taxation	848,968	442,004
Net Assets	5,944,383	5,095,418

The results of Osprey Initiatives Limited for the year ended 31 March 2020 are as follows:

Surplus for the period after Taxation	88,628	104,858
Net Assets	331,050	242,422

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

12. Debtors

	2020	2019
	£	£
Group		
Amounts falling due within one year		
Gross rents in arrears	393,419	327,172
Less: bad debt provision	(174,791)	(146,029)
	218,628	181,143
HAG Receivable	-	321,213
Other debtors	574,497	531,239
Less: bad debt provision	(219,211)	(210,781)
	573,914	822,814
	2020	2019
	£	£
Association		
Amounts falling due within one year		
Gross rents in arrears	250,601	237,028
Less: bad debt provision	(114,633)	(109,464)
	135,968	127,564
Amount due from group company	55,745	58,692
Other debtors	430,447	362,525
Less: bad debt provision	(180,341)	(176,371)
	441,819	372,410

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

13. Creditors due within one year

	2020	2019
	£	£
Group		
Loans (Note 14)	410,055	399,315
Retentions unpaid	303,235	347,022
Prepaid rent	254,336	249,146
Accruals	910,780	2,005,895
Other Tax and Social Security	8,201	49,190
Pension Creditor	-	22,793
Trade Creditors	489,257	947,916
Other Creditors	103,443	67,748
HAG Repayable	83,020	-
Deferred Capital Grant (note 15)	1,287,969	1,189,236
	<u>3,850,296</u>	<u>5,278,261</u>

Other creditors includes Housing Association Grant of £83,020 for a Development acquisition that did not settle prior to the end of the financial year. The grant will be repaid to the Scottish Government, as per the terms of the grant offer, should the Development not proceed.

Association

Loans (Note 14)	85,000	85,000
Retentions Unpaid	140,840	168,090
Prepaid Rent	143,074	146,610
Accruals	711,226	1,414,778
Other Tax and Social Security	2,105	39,030
Pension Creditor	-	22,793
Trade Creditors	434,856	414,647
Other Creditors	5,321	4,757
HAG Repayable	83,020	-
Intercompany Creditor	13,824	2,004
Deferred Capital Grant (note 15)	758,702	736,486
	<u>2,377,968</u>	<u>3,034,195</u>

Other creditors includes Housing Association Grant of £83,020 for a Development acquisition that did not settle prior to the end of the financial year. The grant will be repaid to the Scottish Government, as per the terms of the grant offer, should the Development not proceed.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

14. Creditors due out with one year

	2020 £	2019 £
Group		
Loans	45,758,827	44,234,581
Deferred Capital Grant (note 15)	72,351,374	71,790,231
	<u>118,110,201</u>	<u>116,024,812</u>
Association		
Loans	34,725,855	34,887,387
Deferred Capital Grant (note 15)	46,836,570	45,999,870
	<u>81,562,425</u>	<u>80,887,257</u>

OHL loans from private funding amounting to £23,139,000 (2019: £23,224,000) are secured by specific charges on its properties, with the bond and floating charge having been removed on 5 January 2016. These loans are on a 25 year term and are a combination of fully amortising and bullet repayment facilities. A further Revolving Credit Facility of £7,500,000 was obtained which has been fully drawn down. This facility was renewed on 10 March 2020 for a further 5 year term with interest based on 3 month LIBOR plus agreed margin. Another loan of £3,743,498 is unsecured, is interest free and is repayable between 2027 and 2033.

OHM loans from Nationwide amounting to £7,389,696 (2019: £7,704,011) are secured by a first ranking standard security over 332 units of the Society's housing stock. These loans are on a 30 year term and interest is fixed at 3.78% for a period of 10 years, which commenced in January 2011. Osprey Housing Management secured a Revolving Credit Facility of £5,000,000 from Lloyds Banking Group during the year, of which £4,000,000 has been drawn down. This facility is on a 5 year term with interest based on 3 month LIBOR plus margin. The loan is secured by a first ranking standard security over an initial 120 units of the Society's housing stock.

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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

14. Creditors due out with one year (continued)

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

Group	2020	2019
	£	£
Less than one year (note 13)	410,055	399,315
Between one and two years	395,220	7,910,055
Between two and five years	12,835,227	3,259,924
In five years or more	32,675,579	33,196,282
Capitalised Facility Fee	(147,199)	(131,680)
Total Loans after one year	45,758,827	44,234,581
Total Loans Outstanding	46,168,882	44,633,896
Association		
Less than one year (note 13)	85,000	85,000
Between one and two years	51,000	7,585,000
Between two and five years	7,721,000	187,000
In five years or more	27,069,385	27,204,565
Capitalised Facility Fee	(115,530)	(89,178)
Total Loans after one year	34,725,855	34,887,387
Total Loans Outstanding	34,810,855	34,972,387

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

15. Deferred Capital Grant	2020	2019
	£	£
Group		
As at 1 April	72,979,467	70,114,817
Capital Grant Additions	1,849,584	4,025,716
Capital Grant Released	(1,189,236)	(1,160,924)
Capital Grant Disposals	(472)	(142)
As at 31 March	<u>73,639,343</u>	<u>72,979,467</u>
Amounts to be released within one year (note 13)	1,287,969	1,189,236
Amounts to be released in more than one year (note 14)	<u>72,351,374</u>	<u>71,790,231</u>
	<u>73,639,343</u>	<u>72,979,467</u>
Association		
As at 1 April	46,736,356	46,983,348
Capital Grant Additions	1,595,874	470,951
Capital Grant Released	(736,486)	(717,801)
Capital Grant Disposals	(472)	(142)
As at 31 March	<u>47,595,272</u>	<u>46,736,356</u>
Amounts to be released within one year (note 13)	758,702	736,486
Amounts to be released in more than one year (note 14)	<u>46,836,570</u>	<u>45,999,870</u>
	<u>47,595,272</u>	<u>46,736,356</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

16. Financial Instruments

	2020	2019
Group	£	£
<i>Financial assets:</i>		
Debt instruments measured at amortised cost	403,198	630,596
Total	<u>403,198</u>	<u>630,596</u>
<i>Financial liabilities:</i>		
Measured at amortised cost	48,058,617	48,002,477
Total	<u>48,058,617</u>	<u>48,002,477</u>
	2020	2019
Association	£	£
<i>Financial assets:</i>		
Debt instruments measured at amortised cost	317,841	249,191
Total	<u>317,841</u>	<u>249,191</u>
<i>Financial liabilities:</i>		
Measured at amortised cost	36,199,942	36,976,663
Total	<u>36,199,942</u>	<u>36,976,663</u>

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

17. Notes to Statement of Cash flows

Group	2020	Restated 2019
	£	£
Reconciliation of operating surplus to net cash inflow from activities		
Surplus for the year	2,096,153	1,721,179
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	1,899,959	1,838,305
Revaluation of investment property	35,000	209,781
Amortisation of intangible fixed assets	31,637	32,160
Amortisation of capital grant	(1,189,236)	(1,160,924)
Abatement of capital grant	(472)	(142)
Defined benefit pension scheme	143,000	147,034
Fair value losses on financial instruments	(9,449)	(17,876)
(Decrease) in provisions	-	(60,034)
Loss on disposal of tangible fixed assets	42,120	16,534
Interest received	(17,518)	(6,548)
Interest payable	2,022,453	2,007,314
Taxation	-	(12,475)
Shares issued	2	-
Shares cancelled	(5)	(9)
Operating cash flows before movement in working capital	5,053,644	4,714,299
Decrease/(increase) in trade and other debtors	(72,313)	(401,398)
(Decrease) in trade and other creditors	(1,524,136)	(130,136)
Cash generated from operations	3,457,195	4,182,765
CASH AND CASH EQUIVALENTS	2020	2019
Cash and cash equivalents represent:		
Cash at bank	6,751,677	7,238,139
Notice deposits (less than 3 months)	-	-
Overdraft facility repayable on demand	-	-
	6,751,677	7,238,139

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

17. Notes to Statement of Cash flows (continued)

Association	2020	Restated 2019
	£	£
Reconciliation of operating surplus to net cash inflow from activities		
Surplus for the year	1,181,557	1,150,351
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	1,309,123	1,262,932
Revaluation of investment property	35,000	-
Amortisation of intangible fixed assets	23,172	22,834
Amortisation of capital grant	(736,486)	(717,801)
Abatement of capital grant	(472)	(142)
Defined benefit pension scheme	158,000	102,000
Fair value losses on financial instruments	(20,282)	(28,711)
(Gain) on disposal of tangible fixed assets	(21,875)	(1,274)
Interest received	(6,563)	-
Interest payable	1,636,657	1,659,485
Operating cash flows before movement in working capital	3,557,831	3,449,674
(Increase) in trade and other debtors	(69,409)	(53,884)
(Decrease)/increase in trade and other creditors	(663,856)	156,896
Cash generated from operations	2,824,566	3,552,686
 CASH AND CASH EQUIVALENTS	 2020	 2019
Cash and cash equivalents represent:		
Cash at bank	4,049,506	4,229,038
Notice deposits (less than 3 months)	-	-
Overdraft facility repayable on demand	-	-
	4,049,506	4,229,038

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

17. Notes to Statement of Cash flows (continued)

Group

	1 April 2019	Cash Flow	Other Non-cash movements	31 March 2020
	£	£	£	£
Net Debt Reconciliation				
Cash at bank and in hand	7,238,139	(486,462)	-	6,751,677
Bank Loan	(399,315)	399,315	(410,055)	(410,055)
Due within one year	(399,315)	399,315	(410,055)	(410,055)
Bank Loan	(44,234,581)	(1,943,750)	419,504	(45,758,827)
Due out with one year	(44,234,581)	(1,943,750)	419,504	(45,758,827)
Total Net Debt	(37,395,757)	(2,030,897)	9,449	(39,417,205)

Association

	1 April 2019	Cash Flow	Other Non-cash movements	31 March 2020
	£	£	£	£
Net Debt Reconciliation				
Cash at bank and in hand	4,229,038	(179,532)	-	4,049,506
Bank Loan	(85,000)	85,000	(85,000)	(85,000)
Due within one year	(85,000)	85,000	(85,000)	(85,000)
Bank Loan	(34,887,387)	56,250	105,282	(34,725,855)
Due out with one year	(34,887,387)	56,250	105,282	(34,725,855)
Total Net Debt	(30,743,349)	(38,282)	20,282	(30,761,349)

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

18. Capital Commitments

	2020	2019
Group	£	£
Land and Buildings	1,940,491	2,598,742
Replacement Components	140,026	-
Intangible Fixed Assets	-	-
Board authorised expenditure contracted less certified	<u>2,080,517</u>	<u>2,598,742</u>
	2020	2019
Association	£	£
Land and Buildings	1,852,165	52,765
Replacement Components	-	-
Intangible Fixed Assets	-	-
Board authorised expenditure contracted less certified	<u>1,852,165</u>	<u>52,765</u>

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

19. Contingent Liability

Group

OHM 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 2019. As of this date the estimated employer debt for Osprey Housing Moray was £448,181.

Association

The Association is in a VAT group with its subsidiaries Osprey Housing Moray and Osprey Initiatives Limited. The total group VAT liability of £8,201 (2019: £7,477) will have to be paid in full by the Association in the event of a default by either of the above two entities.

20. Leasing Commitments

At 31 March 2020, the Group and Association had annual commitments under non-cancellable operating leases as detailed below:

	Plant & Machinery	
	2020	2019
Group & Association	£	£
Amounts due:		
Within one year	10,523	16,597
Within two to five years	8,886	19,403
After five years	-	-
	<u>19,409</u>	<u>36,000</u>

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

21. Share Capital

Group	2020	2019
Shares of £1 each, issued and fully paid:		
At 1 April	33	42
Issued during year	2	-
Cancelled during year	(5)	(9)
At 31 March	<u>30</u>	<u>33</u>

Shares have voting rights, carry no rights to a dividend or other distributions and are not repayable.

22. General Reserve

	2020	Restated 2019
Group	£	£
Opening Balance	13,950,921	12,082,708
Surplus for the year	2,096,153	1,721,179
Transfer from Pension Reserve	143,000	147,034
Total General Reserve	<u>16,190,074</u>	<u>13,950,921</u>

	2020	Restated 2019
Association	£	£
Opening Balance	8,544,115	7,291,764
Surplus for the year	1,181,557	1,150,351
Transfer from Pension Reserve	158,000	102,000
Total General Reserve	<u>9,883,672</u>	<u>8,544,115</u>

23. Pension Reserves

Group	2020	2019
	£	£
Opening Balance	(1,233,000)	(1,033,000)
Initial recognition of pension scheme liability	-	(12,966)
Actuarial (Loss)/Gain on Pension Scheme	522,000	(40,000)
Transfer to General Reserve	(143,000)	(147,034)
Total General Reserve	<u>(854,000)</u>	<u>(1,233,000)</u>

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.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

23. Pension Reserves - continued

Association	2020	2019
	£	£
Opening Balance	(1,164,000)	(1,033,000)
Actuarial Gain/(Loss) on Pension Scheme	499,000	(29,000)
Transfer to General Reserve	(158,000)	(102,000)
Total General Reserve	<u>(823,000)</u>	<u>(1,164,000)</u>

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

24. Pension Fund

The Group operates defined benefit plans for qualifying employees. OHL participates in the North East Scotland Pension Fund and OHM participates in the Scottish Housing Associations' Pension Scheme.

OHL – North East Scotland Pension Fund

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

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 2019.

The employers contributions to the LGPS by the RSL for the year ended 31 March 2020 were £167,000 (2019: £163,000) at a contribution rate of 22.6% of pensionable salaries. The employer's contribution rate for the year ending 31 March 2021 has been set at 30.0%. The employer's contributions for the year ended 31 March 2021 are estimated to be £167,000.

The next actuarial valuation of the North East Scotland Pension Fund is being carried out with an effective date of 31 March 2023.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

24. Pensions (continued)

The principal 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:

	2020	2019
	%	%
RPI	1.95	2.35
CPI	1.95	2.35
Salary increases	2.00	2.35
Discount rate	2.40	2.55

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

	2020	2019
	Years	Years
Male	21.5	22.9
Female	24.2	25.0

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

	2020	2019
	Years	Years
Male	23.1	25.8
Female	26.3	28.1

OHM – Scottish Housing Associations' Pension Scheme

OHM 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 2018. The valuation revealed a deficit of £121m. A Recovery Plan has been put in place to eliminate the deficit which run to either 30 September 2020 or 31 March 2023 (depending on funding levels) for the majority of employers, although certain employers have different arrangements.

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

24. Pensions (continued)

The scheme is classified as a 'last man standing' arrangement. Therefore, the society 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 the year ended 31 March 2018 and before, it was not possible for the Association to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the Association had accounted for the Scheme as a defined contribution scheme.

Since the financial year ending 31 March 2019, it has been possible to obtain sufficient information to enable the Association 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 2018. The liability figures from this valuation were rolled forward for the accounting year-end 31 March 2019. 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.

Similarly, an actuarial valuation of the scheme was carried out as at 30 September 2019 to inform the liabilities for the accounting year ends from 31 March 2020.

The principal 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:

	2020	2019
	%	%
RPI	2.68	3.30
CPI	1.68	2.30
Salary increases	2.68	3.30
Discount rate	2.41	2.28

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

	2020	2019
	Years	Years
Male	21.5	21.7
Female	23.2	23.4

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

24. Pensions (continued)

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

	2020	2019
	Years	Years
Male	22.8	23.1
Female	24.5	24.7

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

	Group		Association	
	2020	2019	2020	2019
Current Service Costs	(265,000)	(237,000)	(265,000)	(237,000)
Net interest on the defined liability pension	(29,000)	(26,000)	(28,000)	(25,000)
Administration expenses	(3,000)	(4,000)	(3,000)	(3,000)
	<u>(297,000)</u>	<u>(267,000)</u>	<u>(296,000)</u>	<u>(265,000)</u>

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

	Group		Association	
	2020	2019	2020	2019
	£	£	£	£
Opening defined benefit obligations	7,521,000	6,144,000	6,757,000	6,144,000
Recognition of SHAPS	-	732,000	-	-
Current service cost	265,000	237,000	265,000	237,000
Interest on pension liabilities	189,000	177,000	172,000	159,000
Expenses	-	1,000	-	-
Member contributions	51,000	49,000	51,000	49,000
Past service cost	29,000	-	29,000	-
Actuarial (gains)/losses on liabilities	(826,000)	345,000	(744,000)	311,000
Benefits /transfers	(129,000)	(164,000)	(108,000)	(143,000)
Closing defined benefit obligations	<u>7,100,000</u>	<u>7,521,000</u>	<u>6,422,000</u>	<u>6,757,000</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

24. Pensions (continued)

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

	Group		Association	
	2020	2019	2020	2019
	£	£	£	£
Opening fair value of plan assets	6,288,000	5,111,000	5,593,000	5,111,000
Recognition of SHAPS	-	659,000	-	-
Interest on plan assets	160,000	151,000	144,000	134,000
Actuarial gains on assets	(304,000)	305,000	(245,000)	282,000
Administration expenses	(3,000)	(3,000)	(3,000)	(3,000)
Employer contributions	183,000	180,000	167,000	163,000
Member contributions	51,000	49,000	51,000	49,000
Benefits /transfers paid	(129,000)	(164,000)	(108,000)	(143,000)
Closing fair value of plan assets	6,246,000	6,288,000	5,599,000	5,593,000

The actual loss on plan assets was £143,000 (2019: actual return of £456,000) for the Group and £100,000 (2019: actual return of £416,000) for the Association.

The total pension liabilities for this year are:

	Group		Association	
	2020	2019	2020	2019
	£	£	£	£
Defined benefit obligations	7,100,000	7,521,000	6,422,000	6,757,000
Fair value of plan assets	6,246,000	6,288,000	5,599,000	5,593,000
Net defined benefit pension liabilities	854,000	1,233,000	823,000	1,164,000

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	
	2020	2019	2020	2019
	£	£	£	£
Defined benefit obligations	826,000	(345,000)	744,000	(311,000)
Fair value of plan assets	(304,000)	305,000	(245,000)	282,000
Net defined benefit pension liabilities	522,000	(40,000)	499,000	(29,000)

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

24. Pensions (continued)

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

	Group		Association	
	2020	2019	2020	2019
	£	£	£	£
Equities	3,096	3,383	3,096	3,383
Gov. bonds	370	425	370	425
Other bonds	106	73	106	73
Property	421	422	409	408
Cash	112	213	112	213
Other	1,506	1,091	1,506	1,091
Absolute return	40	59	-	-
Alternative risk premia	52	39	-	-
Corporate bond fund	47	49	-	-
Credit relative value	16	12	-	-
Distressed opportunities	12	12	-	-
Emerging markets debt	23	22	-	-
Fund of hedge funds	-	2	-	-
Global equity	89	112	-	-
Infrastructure	38	29	-	-
Insurance - linked securities	17	18	-	-
Liability driven investment	170	247	-	-
Liquid credit	17	-	-	-
Long lease property	16	8	-	-
Net current assets	5	1	-	-
Opportunistic liquid credit	16	-	-	-
Over 15 year gilts	8	18	-	-
Private debt	13	9	-	-
Risk sharing	20	20	-	-
Secured income	36	24	-	-
	6,246	6,288	5,599	5,593

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

25. Related Party Transactions

Osprey Housing Limited recharged £164,557 (2019: £161,375) of expenses relating to Osprey Initiatives Limited and £350,690 (2019: £350,690) in relation to the lease of housing stock on operating leases.

Osprey Initiatives incurred expenditure of £450 (2019: £2,004) on behalf of Osprey Housing Limited.

The balance due from Osprey Initiatives at the year-end was £2,120 (2019: £885) and the balance due to Osprey Initiatives at the year-end was £450 (2019: £2,004).

Osprey Housing Limited incurred expenditure of £675,537 (2019: £1,086,011) on behalf of Osprey Housing Moray.

Osprey Housing Moray incurred expenditure of £335,975 (2019: £316,002) on behalf of Osprey Housing Limited which has been recharged during the year.

The total amount due from Osprey Housing Moray at the year-end was £53,548 (2019: £57,807) and the balance due to Osprey Housing Moray at the year-end was £13,374 (2019: £nil).

One member, Brian A Topping, of the Association's Board is a local Councillor and has disclosed his interest in the related public body. Any transactions with this body is carried out at an arm's length basis on normal commercial terms. Members of the Board cannot use their position to their advantage.

26. Ultimate controlling party

The Directors believe that Osprey Housing Limited is the ultimate controlling party of the Group.

27. Members' Guarantee

Osprey Housing Limited, being a Company limited by guarantee, has no share capital.

Membership at 31 March 2020 totalled 9 (2019: 9), each guaranteeing a maximum £1 in the event of a winding up of the Association.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

28. Prior Period Adjustment

As noted in the accounting policies, the Group has changed its accounting policy in relation to the treatment of mixed-use property whereby such properties are now held at fair value in line with the Triennial update to FRS102 whereby the “undue cost or effort” exemption with regards to valuation of mixed use property was removed. The fixed asset, depreciation and investment property figures have been restated accordingly.

The figures have been restated as follows:

Group – year ended 31 March 2019

	2019 Original £	Restatement £	2019 Restated £
<i>Statement of financial position</i>			
Other fixed assets – office property	1,050,270	(425,135)	625,135
Investment property	-	435,000	435,000
Net assets	12,708,089	9,865	12,717,954
<i>Statement of comprehensive income</i>			
Operating costs	(6,276,453)	9,865	(6,266,588)
Total comprehensive income for the year	1,658,348	9,865	1,668,213

Group – year ended 31 March 2018

	2018 Original £	Restatement £	2018 Restated £
<i>Statement of financial position</i>			
Other fixed assets – office property	1,289,601	(435,000)	854,601
Investment property	-	435,000	435,000
Net assets	11,049,750	-	11,049,750

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2020

28. Prior Year Adjustment (continued)

Association – year ended 31 March 2019

	2019 Original £	Restatement £	2019 Restated £
<i>Statement of financial position</i>			
Other fixed assets – office property	850,270	(425,135)	425,135
Investment property	-	435,000	435,000
Net assets	7,370,250	9,865	7,380,115
<i>Statement of comprehensive income</i>			
Operating costs	(4,149,131)	9,865	(4,139,266)
Total comprehensive income for the year	1,111,486	9,865	1,121,351

Association – year ended 31 March 2018

	2018 Original £	Restatement £	2018 Restated £
<i>Statement of financial position</i>			
Other fixed assets – office property	870,000	(435,000)	435,000
Investment property	-	435,000	435,000
Net assets	6,258,764	-	6,258,764

