

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

CONSOLIDATED
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2021

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 2021

Contents	Page
Officers and Professional Advisers	3 - 4
Report of the Board (incorporating Strategic Report)	5 - 27
Statement of Board Responsibilities	28
Statement on Internal Financial Control	29 - 30
Report by the Auditors on Corporate Governance Matters	31
Independent Auditor's Report	32 - 36
Statement of Comprehensive Income	37 - 38
Statement of Financial Position	39 - 40
Statement of Changes in Reserves	41 - 42
Statement of Cash flows	43 - 44
Notes to the Financial Statements	45 - 89

Registration Particulars:

Company Number	SC198586
Charity Number	SC029461
RSL Number	312

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

OFFICERS AND PROFESSIONAL ADVISERS

31 MARCH 2021

Osprey Housing Limited Board of Directors

Michael Scott, Chair
Stuart Robertson, Vice Chair
Robert Hepburn
Brian A. Topping
Jonathan Young
Douglas Bodie
Marian Reid
Simpson Buglass
Raymond Edgar

Osprey Housing Moray Committee of Management

Leslie Allan, Chair
Brian Watson, Vice Chair
Robert Hepburn
Michael Scott
Brian A. Topping
James Milne
Michael McLafferty
Catherine Darbyshire

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

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

OFFICERS AND PROFESSIONAL ADVISERS

31 MARCH 2021
(Continued)

Bankers

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

Bank of Scotland
90 High Street
Elgin
IV30 1BJ

Nationwide
Kings Park Road
Moulton Park
Northampton
NN3 6NW

Company Secretary

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

Azets
25 Bothwell Street
Glasgow
G2 6NL

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

REPORT OF THE BOARD (incorporating STRATEGIC REPORT)

31 MARCH 2021

The Board present their report and audited financial statements for the year ended 31 March 2021.

COVID-19 Pandemic: Managing Business Recovery and Re-emergence

In early March 2020 the spread of COVID-19 virus was declared a Pandemic. This triggered the implementation of the Group's Major Incident Plan including initial impact assessment and response action plan.

In managing the impact of COVID-19 and planning our re-emergence Osprey has moved through the initial crisis/response phases and, as far as possible, established a more settled position that represents our recovery phase. In this context we have now evolved a 'new normal' in relation to how we work, continue to deliver services, and stay in good health (organisationally and personally). We remain agile, flexible, compassionate and responsive as we look forward and plan for the next 3-5 years. We have shown organisational capacity for adapting quickly and at short notice – this will be expected in the future and we are structuring and orientating our operational approach accordingly.

During the 20/21 full year of lockdown, we experienced this at both national and local levels which required Osprey to adjust service delivery in the different local authority areas in which we operate. We therefore created a flexible response approach to meet the restrictions in each area accordingly. A full risk assessment process was and continues to be associated with delivery of services and in the overall management of the business.

As we worked through the year RSL's were given some latitude to make decisions on local service delivery and operational arrangements to suit their operational needs – providing it remained within Government safety guidelines. This was in recognition of the front-line service delivery requirements to our tenants.

We worked within this effectively to ensure tenants were supported and received essential services. We were also able to facilitate ongoing conduct of effective Governance including a return to full meetings albeit in a hybrid format of using video conferencing facilities and very restricted use of our head office at Westhill. Our Lossiemouth office has remained closed.

The impact of the national and local restrictions meant that it was necessary to conduct AGM's and SGM's virtually.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2021

All RSL's in Scotland were required to submit a notifiable event to the Scottish Housing Regulator (SHR) to illustrate impact on their Business. Osprey complied with this requirement and subsequently updated the SHR on Osprey's Recovery Plan.

Throughout the restrictions Osprey has been compliant with all safety related service matters whilst continuing to work towards compliance on longer term requirements such as EESSH – this included submitting the monthly regulatory returns to the SHR as required.

During 2020/21 specific efforts were successfully focused on:

1. *Services & Tenant Support*

- Continuing service delivery as effectively as possible
- Ensuring support for tenants with particular emphasis on vulnerable tenants - 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 COVID-19 measures introduced.
- Continuing to allocate homes
- Providing best possible repairs service

2. *Financial Resilience*

- Protecting cash flow and maintaining cash reserves
- Budget reallocations for essential expenditure
- Stress testing on income reduction scenarios - although we are pleased to report income did not suffer any serious reductions
- Ensure continuity of supply chain through accelerated payments of invoices

3. *Organisational/Staffing Capacity*

- Ensuring staff were 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 COVID-19
- Implementing COVID-19 specific risk assessment process for individuals and the business
- Ensuring that staff adopted effective agile/remote working approach
- Deploying resources to ensure continuation of business-critical systems
- Good staff welfare response particularly to any staff who needed to self-isolate
- Continued governance/provision for Board to operate

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2021

Osprey has become fully prepared for regular disruption. However, progress with the Transfer of Engagements (ToE), Development Programme, IT Strategy and our Organisational Development Strategy was disrupted during the first six months of the year but were re-established and remain key to how we successfully embrace the future.

The successful completion of the ToE by 1 April 2021 will be a major catalyst for further change and progress. As we move into 2021/22, we can take stock of ongoing COVID-19 restrictions and prepare more intensively for the short to medium term.

Other important factors not directly related to COVID-19 but influential in terms of strategic planning started to gain momentum later in 2020 and into 2021 and will feature in the Board's strategy considerations. Such factors include:

- Impact of Brexit (on the development programme/repairs - supply chain/labour shortages)
- Increased costs of future development - particularly related to significant increases in material costs and fire suppression requirements
- Subsidy levels and in turn, how Osprey should continue to fund new developments
- Housing Market adjustments - how Osprey should respond in the context of new build developments, treatment of voids and allocations
- Sustainability/Decarbonisation strategy
- How Osprey Housing, as a single entity, wants to position itself as a modern RSL for a modern society that is distinct from its peers/local authority housing functions and within the housing sector as a whole
- Focus of ongoing Digital Strategy
- Focus of ongoing Organisational Development
- Implementing succession planning

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2021

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 remained in place to support the constitutional partnership. The rules of OHM were amended to allow OHL to acquire a controlling share in OHM.

After a review by the OHL Board and OHM Committee of Management in 2018/19, which demonstrated the merits of creating a single RSL, it was agreed to pursue a formal Transfer of Engagements of OHM to OHL.

Following successful completion of the Transfer of Engagements and agreement of the 2020/21 Audited Accounts the formal winding up of OHM will be undertaken.

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, 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.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2021

Principal activity (continued)

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

Owned Properties	2021	2020
Tenanted	1,074	1,059
Leased to OIL	77	77
Leased to Third Parties	6	6
Total	1,157	1,142

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

The partnership with OHM brings a further 571 general housing units, 11 MMR units leased to OIL 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 was 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.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2021

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

The OHL Board, with full agreement of the OHM Committee of Management, 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 in reviewing performance of the Group.

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. 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.

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.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2021

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

The SHR also confirmed that as long as changes are for the 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 of keeping 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 Joint Governing Bodies meeting on 27 May and was then subject to 3 weekly review
- The emergency “Cabinet” format has been retained for potential future use for fast tracking decision making purposes – as and when appropriate

This emergency arrangement ensured continuity of effective governance. However, the full committee structure was re-introduced on 29th July 2020. Appropriate rule changes were also applied during the year to ensure meetings of the Governing Bodies can be held either virtually or as a hybrid of virtual and personal attendance in the future.

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. Osprey remained fully compliant during 2020/21 in relation to regulatory standards. However, it was necessary to submit a notifiable event to the SHR in respect of the ToE. In such circumstances a level of engagement is required to provide assurance that the requisite process is being followed – this was fully complied with and all necessary information and confirmations were provided to satisfy regulatory expectations.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2021

Regulation and Assurance (continued)

Osprey's "Assurance Statement" was submitted to the SHR in November 2020 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.

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 review was updated during 2020/21 to reflect the impact of COVID-19 and provided continued confidence in how the Governing Bodies could remain assured of compliance with Regulatory Standards in the context of COVID-19 related guidance/regulatory expectations. The review also supported the content of the Assurance Statement.

Risks and Uncertainties

The Group has continued to develop its Risk Management Strategy. A refreshed Risk Management Policy is in place along with a 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 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.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2021

Risks and Uncertainties (continued)

A specific COVID -19 section was quickly established within the framework to identify and help manage/mitigate against key associated risks particularly those identified in the impact assessment. In particular, new risks were added to the register to consider specific items such as potential impact on income generation, possible increase in arrears, increased vulnerability amongst tenants and impact on service delivery.

The Group continues to face 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.

The Group remains acutely aware of financial risks, largely associated with its commitment to delivering high quality, energy efficient homes and, to providing a housing service which creates value for the household and the wider community.

Our overall approach to planning and delivery focusses on only making 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 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.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2021

Risks and Uncertainties (continued)

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.

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.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2021

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. It has however, been subject to review in this context.

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 also highlights our 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

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2021

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

During what has been a challenging year our previous focus on maintaining and improving our financial viability has proved its worth. It has ensured that we have strong liquidity and resilience, which has been essential in protecting the business during the continued COVID-19 restrictions. Along with a clear business continuity implementation plan to deal with the initial crisis of COVID-19 followed by ordered response and effective recovery phases, we are delighted to say that by the end of the 20/21 fiscal year the Osprey Group was in an excellent position and starting to prepare for full re-emergence.

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 demanding time has provided great confidence in service delivery, resilience and our business overall. We are emerging with a business model orientated towards a “new normal” but in very good health and look forward with continued 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 as well as implementing an exciting re-emergence strategy.

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 strive to meet the needs and priorities of our customers through engagement with Osprey Tenants & Residents Association (OTRA) and our wider tenant base.

Despite the delay caused by COVID-19 we continue to complement our investment in the provision of new housing with a fully funded repairs, maintenance, and planned improvement programme for our existing homes. Our 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 Development Strategy re-orientated to allow for a more targeted approach to providing new housing in rural communities. 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.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2021

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 2020/21. 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

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2021

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 2021/22.

Outturn exceeded financial expectations and the OHL/Group surplus remains healthy at the 31 March 2021. However, with the prolonged uncertainties of the impact of the continuing COVID-19 pandemic, detailed monitoring and review of budgets will be ongoing. 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 2021/22.

Group turnover for the year increased to £11.0m (2020: £10.4m), whilst operating costs for the year increased to £6.8m (2020: £6.3m), resulting in a Group operating surplus of £4.2m (2020: £4.1m). The net comprehensive income after an actuarial gain on pension of £423k (2020: £522k) was £2.7m (2020: £2.6m). This resulted in an increase in net group assets to £18.1m (2020: £15.3m).

The Governing Bodies closely monitored the Asset Management Strategy during the year to ensure the strongest possible 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.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2021

Overview of Activities and Performance (continued)

Performance against Key Performance Indicators (Core Business) is set out below together with the Committee's targets for 2021/22:

KPI OHL	Target 2020/2021	Actual 2020/2021	Target 2021/2022
Current rent arrears	3.9%	1.9%	3.0%
Former rent arrears	0.9%	0.9%	1.2%
Void loss	0.5%	0.7%	0.7%
Void performance	18 working days	27 working days	20 working days
Board & Committee attendance	80%	94%	80%
Staff attendance	98%	99%	98%

KPI OHM	Target 2020/2021	Actual 2020/2021	Target 2021/2022
Current rent arrears	4.3%	2.7%	3.0%
Former rent arrears	0.9%	1.1%	1.2%
Void loss	0.5%	0.7%	0.7%
Void performance	20 working days	28 working days	20 working days
Board & Committee attendance	80%	99%	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. Enhanced fire safety has continued to be a key area of focus during 2020/21 and will continue to be so throughout 2021/22.

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.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2021

Overview of Activities and Performance (continued)

Digital Strategy and Information Management

We have continued to make progress on our Digital Strategy during 2020/21 in order to help us in our aim to modernise, improve and reshape the business. However, significant work was necessary to reconfigure our ICT systems to merge the separate entities of OHL and OHM to ensure a seamless transition at the successful conclusion of the Transfer of Engagements. It was necessary to work with our main supplier partners to merge databases and realign workflows.

In addition, we started a major transition to MS Office 365 during the year to maximise the benefits offered by the Microsoft suite of software now and into the future. This move is part of a process of “future proofing” the organisation in the context of its Digital Strategy.

The Board is satisfied the Group is compliant with GDPR and, Freedom of Information (FoI) legislation. The Digital Strategy takes full account of the requirement for data protection, data handling and information management.

Further emphasis has been placed on cyber security given the increase in levels of cyber fraud. In particular, the transition to primarily home working creates additional risks for the Group. In view of this we are working towards increasing the level of our cyber security accreditation during 2021/22.

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 has proven to be an essential factor in ensuring we have been able to manage our way through the initial and ongoing impact of COVID-19.

It has provided the necessary security to enable the organisation to quickly respond to initial lockdown requirements in March 2020, maintain business stability and continue to provide the best level of service possible under the circumstances. It has enabled business continuity without furloughing any staff which the Governing Bodies considered to be a very important decision, sending out the right message during difficult times. All staff have been retained full time and fully deployed.

Our objective of increasing our level of financial viability has been further realised at the end of 2020/21 with the completion of the ToE and, creation of OHL as a stronger single entity landlord. Improvement in reserves has again been achieved for OHL and the Group. The Internal Management Plan targets in relation to reserve levels against operating expenses were met.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2021

Provision of New Affordable Housing

We have implemented our Development Strategy launched during 2019/20 as far as possible allowing for the impact of COVID-19. Impact included a “pause” in the programme for approximately 4 months until the gradual easing of restrictions started. Our Development Strategy represents 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 rural communities where affordable housing is often overlooked. We do, however remain alert to the potential for larger developments should opportunities be assessed as viable, meet clear needs and meet our objectives. We have agreed this with our local authority partners and while retaining good relationships with existing developer partners, our newer working partnerships with smaller but financially secure local developers is resulting in very high-quality housing emerging in tenure blind high-end developments.

In particular, we have been very pleased to see the handover of 16 new homes during the year in Kincardine O’Neil, Sauchen and Inverurie alongside site starts at Marykirk, St Cyrus and Elgin.

The impact of COVID-19 reduced anticipated handovers during 2020/21 and we are re-setting the programme to return to a position of a future build schedule comprising of up to 50 homes per year across the Group to 31 March 2023. Beyond that is subject to continuing Scottish Government grant funding at current levels and the annual review process, inclusive of risk assessment.

The risk component is becoming more uncertain than previously due to the impact of COVID-19, lack of clarity on future subsidy levels and in particular rising costs of new housebuilding affected by significant rises in costs of materials, supply chain issues and labour shortages. The Scottish Government has stated that due to the pandemic it has not met its planned target of 50,000 new homes across Scotland during the current parliamentary term. However, prior to the Scottish Elections a new “Vision” for Housing in Scotland to 2040 was published committing the Government (if re-elected) to restore this target and bring a new approach to funding development and meeting energy efficiency/net zero targets. 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 needs 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 2021

Provision of New Affordable Housing (continued)

To date, OHL has committed £12.0m 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 development projects.

We have continued our focus on Aberdeenshire where opportunities do arise more readily. Opportunities in Moray are becoming more promising as evidenced by our first site starts in Elgin and Lossiemouth. Aberdeen City has remained very difficult for us to access viable opportunities.

The housing market conditions in the Aberdeen Housing Market Area (City in particular) remained flat during 2020/21 particularly for smaller 1 and 2 bed flatted properties. It continues to require constant monitoring and assessment.

The Board of OHL has maintained its strategic position not to develop any new Mid-Market rented (MMR) homes and no further provision is in the pipeline.

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, continued during 2020/21 to provide managing agency services to the Aberdeen based National Housing Trust LLP's and other landlords. However, the NHT portfolio was sold to other landlords at the end of March 2021 reducing the portfolio of OIL's managed properties. The OIL Board and OHL Board as parent will be reviewing future business activity and longer-term prospects during 2021/22.

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 OHL to create a single RSL, particularly in the prevailing 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.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2021

Transfer of Engagements (continued)

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

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

After consideration of a comprehensive business plan the proposal gained the support and approval of our funders. A series of follow up activities then resulted in a second stage proposal to meet regulatory requirements and for the purposes of tenant consultation. The COVID-19 pandemic and consequent restrictions effectively halted any further progress for a time during 2020. However, in July 2020 the Tenant Participation Advisory Service (TPAS) appointed to act as Independent Tenant Advisors started a comprehensive tenant engagement/consultation process to determine tenant views on the proposal to bring OHL and OHM together as a single entity landlord.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2021

Transfer of Engagements (continued)

This culminated in a formal independently conducted ballot between mid- November and mid-December 2020 resulting in 91% of tenants voting in support of the proposal – an overwhelming majority.

Consequently, the legally required Special General Meetings of shareholders took place and unanimously approved the transfer. The merged single entity OHL with new single Board as governing body came into effect on 1 April 2021. This represents a major milestone for Osprey Housing and the Group.

Treasury Management

The Board's agreed policy is that the Group should not enter into transactions of a speculative nature. At 31 March 2021, 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 and 5th January 2016, was further revised on 9th April 2021, securing a facility of £30.9m. £22m has a fixed interest rate for the duration of the loan, £1.1m has a variable interest rate linked to SONIA plus agreed margin and £7.5m has been secured via a 5 year Revolving Credit Facility with an interest rate also linked to SONIA 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 reapproved again as part of the TOE process. OHM also has a £5m Revolving Credit Facility with the Lloyds Banking Group and this was renewed for a further 5 years on 9th April 2021.

Going Concern

The Group has a healthy cash position and growing reserves. The Board have reviewed detailed budgets and cashflow projections as part of the annual budget discussion for 2021/22 and the submission to the Scottish Housing Regulator of the five-year financial projections.

No significant long-term impact on the Group's financial position and no material uncertainties have been identified at this time. On that basis, the Board is satisfied that the Group has adequate resources to continue for the foreseeable future, which is defined as 12 months after signing the financial statements, and as such, it continues to adopt the going concern basis of accounting in preparing the annual financial statements. Further details are given in Note 1.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2021

Asset Management and Maintenance

The Group is committed to maintaining its properties to the highest possible standard 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.

OHL takes a robust, value led approach to investment in its stock, considering a range of technical, cost, quality and demographic factors. 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 (ESSH), increased fire safety standards and its own Sustainability Strategy will be achieved.

The Board will, however, continue to monitor the potential impact proposals for ESSH 2, ECO3 and decarbonisation which could have a significant expenditure impact on Housing Associations.

We continue to develop the Groups Sustainability Strategy which will be subject to greater focus when more information becomes available on Scottish Government proposals – in particular, the extent to which subsidy will be available to help RSL's meet very exacting targets.

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 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.

The Board recognises the importance of employee involvement and encourages engagement in all aspects of the business through a variety of methods and media. In this context the Board is delighted to report that Osprey has been accredited with "Gold" standard Investors in People status. A challenging accreditation to achieve - this is a testament to the hard work, commitment, and diligence of the staff team throughout the organisation

Internal communications are an essential part of the People Strategy and this has been a vital component in our response to and recovery from the COVID-19 situation. Significant efforts have gone into keeping staff informed and involved at each step of the organisation's adjustment, re-positioning and development of a new approach to work and operations.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2021

People Strategy (continued)

During 2020/21 the Board has supported the use of a range of methods to ensure staff involvement in a range of issues (i.e. adoption of agile working and the Transfer of Engagements process). Staff are as a matter of course involved in policy development, best practice development and performance review. The Group holds dedicated staffing and strategy events; training and briefings utilising external and internal facilitators.

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 now well established as a forum for a range of staff related issues to be discussed.

The Group is also proud to be accredited as a “Living Wage Employer” and of the position undertaken after lockdown was implemented for the COVID-19 pandemic where it was agreed that we would not furlough any of the staff team at any point during restrictions even though government support was available for this purpose. 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 2021, six months operating costs equate to approximately £3.4m, including all repairs. This target has been met in the current financial year. Undesignated revenue reserves at 31 March 2021 are £18.6m (2020: £16.2m).

Changes in Fixed Assets

Changes in fixed assets are set out in note 10.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2021

Rent Policy

The Board has taken significant steps to minimise rent increases and were very pleased to be able to not only keep the 2020/21 rent increase to 2.2% but in February 2021 announce to our tenants a complete rent and service charge freeze for 2021/22 financial year. This was welcomed by tenants after a very difficult year for many of those who were working hard to make ends meet during the Pandemic. It was also another example of what Osprey's increased capacity as a single entity RSL allowed us to do to support our tenants.

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.

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: 25 August 2021

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF BOARD RESPONSIBILITIES

31 MARCH 2021

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 2021

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 2021

The Board has reviewed the system of internal financial control in the Group during the year ended 31 March 2021. 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: 25 August 2021

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2021

In addition to our audit of the Financial Statements, we have reviewed your statement on Pages 29 to 30 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 29 to 30 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.



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

Date: 01/09/2021

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2021

Opinion

We have audited the financial statements of Osprey Housing Limited (the 'Association') and its subsidiaries (the 'group') for the year ended 31 March 2021 which comprise the statement of comprehensive income – group, statement of comprehensive income – association, statement of financial position – group, statement of financial position – association, statement of changes in reserves – group, statement of changes in reserves – association, statement of cash flows – group, statement of cash flows – association and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the group's and the Association's affairs as at 31 March 2021 and of the group's and the Association's income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- have been prepared in accordance with the requirements of the Companies Act 2006, Part 6 of the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2019.

Basis for opinion

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

Conclusions relating to going concern

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

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

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2021

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

Other information

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

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2021

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

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

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 28, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2021

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

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

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

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

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

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

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

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2021

The most significant laws and regulations that have an indirect impact on the financial statements are the Housing (Scotland) Acts 2006 and 2014, the Scottish Housing Regulator's Regulatory Framework (published 2019) and the Co-operative and Community Benefit Societies Act 2014.

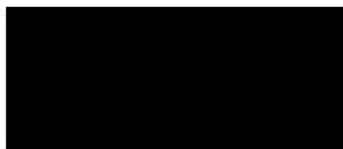
We performed audit procedures to inquire of management whether the group is in compliance with these laws and regulations and inspected correspondence with licensing or regulatory authorities.

The group audit engagement team identified the risk of management override of controls and the valuation of defined benefit pension schemes as the areas where the financial statements were most susceptible to material misstatement due to fraud. Audit procedures performed included but were not limited to testing manual journal entries and other adjustments, evaluating the business rationale in relation to significant, unusual transactions and transactions entered into outside the normal course of business, challenging judgments and estimates.

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

Use of our report

This report is made solely to the association's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association and the association's members as a body, for our audit work, for this report, or for the opinions we have formed.



KELLY ADAMS (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP
Chartered Accountants
First Floor, Quay 2
139 Fountainbridge
Edinburgh
EH3 9QG

Date: 01/09/2021

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF COMPREHENSIVE INCOME – GROUP

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Year ended 31 March 2021 £	Year ended 31 March 2020 £
Turnover	2a	10,980,725	10,448,162
Less: Operating Costs	2a	(6,683,961)	(6,269,954)
(Loss) on disposal of Property		(112,474)	(42,120)
Operating Surplus	2a	4,184,290	4,136,088
Fair value (loss) on Investment Property	10f	-	(35,000)
Interest receivable and other income		7,113	17,518
Interest payable and similar charges	5	(1,878,793)	(2,022,453)
Surplus before taxation	6	2,312,610	2,096,153
Taxation	8	-	-
Surplus for the year		2,312,610	2,096,153
Actuarial gain/(loss) on pension schemes	24	423,000	522,000
Total Comprehensive Income for the year		2,735,610	2,618,153

The results relate wholly to continuing activities.

The accompanying notes on pages 45 to 89 form part of these financial statements.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF COMPREHENSIVE INCOME – ASSOCIATION

FOR THE YEAR ENDED 31 MARCH 2021

	Notes	Year ended 31 March 2021 £	Year ended 31 March 2020 £
Turnover	2b	7,376,309	7,182,856
Less: Operating Costs	2b	(4,566,704)	(4,330,080)
Gain on disposal of Property		2,675	21,875
Operating Surplus	2b	2,812,280	2,874,651
Fair value (loss) on Investment Property	10f	-	(35,000)
Interest receivable and other income		4,397	6,563
Interest payable and similar charges	5	(1,597,657)	(1,664,657)
Surplus for the year	6	1,219,020	1,181,557
Actuarial gain on pension scheme	24	493,000	499,000
Total Comprehensive Income for the year		1,712,020	1,680,557

The results relate wholly to continuing activities.

The accompanying notes on pages 45 to 89 form part of these financial statements.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION – GROUP AS AT 31 MARCH 2021
Company Number: SC198586

	Notes	31 March 2021 £	31 March 2020 £
Intangible Fixed Assets	9	64,096	95,909
Tangible Fixed Assets			
Housing Properties	10a	131,103,099	129,682,512
Other Fixed Assets	10d	620,018	646,589
Investment Properties	10f	400,000	400,000
		<u>132,123,117</u>	<u>130,729,101</u>
Current Assets			
Debtors	12	909,890	573,914
Cash at bank and in hand		8,424,718	6,751,677
		<u>9,334,608</u>	<u>7,325,591</u>
Creditors: amounts falling due within one year	13	<u>(4,377,354)</u>	<u>(3,850,296)</u>
Net current assets		<u>4,957,254</u>	<u>3,475,295</u>
Total assets less current liabilities		137,144,467	134,300,305
Creditors: amounts falling due after more than one year	14	(118,586,753)	(118,110,201)
Net assets excluding pension liability		18,557,714	16,190,104
Defined benefit pension liability	24	<u>(486,000)</u>	<u>(854,000)</u>
Net Assets including pension liability		<u>18,071,714</u>	<u>15,336,104</u>
Capital and Reserves			
Share Capital	21	30	30
General Reserve	22	18,557,684	16,190,074
Pension Reserve	23	<u>(486,000)</u>	<u>(854,000)</u>
		<u>18,071,714</u>	<u>15,336,104</u>

These financial statements on pages 45 to 89 were approved by the Board and authorised for issue on 25 August 2021 and signed on their behalf by:

Board Member

Michael Scott

Board Member

Robert Hepburn

Board Member

Brian Topping

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION – ASSOCIATION AS AT 31 MARCH 2021
Company Number: SC198586

	Notes	31 March 2021 £	31 March 2020 £
Intangible Fixed Assets	9	45,740	68,612
Tangible Fixed Assets			
Housing Properties	10b	89,227,675	88,413,443
Other Fixed Assets	10e	435,217	450,584
Investment Properties	10f	400,000	400,000
		<u>90,062,892</u>	<u>89,264,027</u>
Fixed Asset Investments			
Investments	11	101	101
Current Assets			
Debtors	12	691,050	441,819
Cash at bank and in hand		<u>5,007,802</u>	<u>4,049,506</u>
		5,698,852	4,491,325
Creditors: amounts falling due within one year	13	<u>(2,469,678)</u>	<u>(2,377,968)</u>
Net current assets		<u>3,229,174</u>	<u>2,113,357</u>
Total assets less current liabilities		93,337,907	91,446,097
Creditors: amounts falling due after more than one year	14	(82,160,215)	(81,562,425)
Net assets excluding pension liability		11,177,692	9,883,672
Defined Benefit pension liability	24	<u>(405,000)</u>	<u>(823,000)</u>
Net Assets including pension liability		<u>10,772,692</u>	<u>9,060,672</u>
Capital and Reserves			
General Reserve	22	11,177,692	9,883,672
Pension Reserve	23	<u>(405,000)</u>	<u>(823,000)</u>
		<u>10,772,692</u>	<u>9,060,672</u>

These financial statements on pages 45 to 89 were approved by the Board and authorised for issue on 25 August 2021 and signed on their behalf by:

Board Member

Michael Scott

Board Member

Robert Hepburn

Board Member

Brian Topping

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF CHANGES IN RESERVES - GROUP

FOR THE YEAR ENDED 31 MARCH 2021

	Share Capital	Income and expenditure reserve	Pension Reserve	Total
	£	£	£	£
Balance at 1 April 2019	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 as at 31 March 2020	30	16,190,074	(854,000)	15,336,104
Surplus for the year	-	2,312,610	-	2,312,610
Actuarial gain on pension schemes	-	423,000	-	423,000
Transfer (to)/from pension reserve	-	(368,000)	368,000	-
Share capital issued	-	-	-	-
Share capital cancelled	-	-	-	-
Balance at 31 March 2021	30	18,557,684	(486,000)	18,071,714

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF CHANGES IN RESERVES - ASSOCIATION

FOR THE YEAR ENDED 31 MARCH 2021

	Income and expenditure reserve £	Pension Reserve £	Total £
Balance at 1 April 2019	8,544,115	(1,164,000)	7,380,115
Surplus for the year	1,181,557	-	1,181,557
Actuarial gain on pension scheme	499,000	-	499,000
Transfer (to)/from pension reserve	(341,000)	341,000	-
Balance as at 31 March 2020	9,883,672	(823,000)	9,060,672
Surplus for the year	1,219,020	-	1,219,020
Actuarial gain on pension scheme	493,000	-	493,000
Transfer (to)/from pension reserve	(418,000)	418,000	-
Balance at 31 March 2021	11,177,672	(405,000)	10,772,692

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF CASHFLOWS - GROUP

YEAR TO 31 MARCH 2021

	Notes	2021 £	2020 £
NET CASH FROM OPERATING ACTIVITIES	17	5,243,993	3,457,195
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(3,629,582)	(5,690,010)
Proceeds from sale of tangible fixed assets		57,012	49,358
Grants received		2,333,183	2,170,797
Interest received		7,113	17,518
NET CASH (USED IN) INVESTING ACTIVITIES		(1,232,274)	(3,452,337)
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(1,892,464)	(2,035,755)
New secured loans		-	2,000,000
Borrowing fee		-	(56,250)
Repayments of borrowings		(446,214)	(399,315)
NET CASH (USED IN) FINANCING ACTIVITIES		(2,338,678)	(491,320)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,673,041	(486,462)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		6,751,677	7,238,139
CASH AND CASH EQUIVALENTS AT END OF YEAR		8,424,718	6,751,677
Relating to:			
Bank balances and short term deposits included in cash at bank and in hand		8,424,718	6,751,677
Overdrafts included in "creditors: amounts falling due within one year"		-	-
		8,424,718	6,751,677

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF CASHFLOWS - ASSOCIATION

YEAR TO 31 MARCH 2021

	Notes	2021 £	2020 £
Net cash generated from operating activities	17	3,340,001	2,852,566
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(2,208,064)	(2,863,399)
Proceeds from sale of tangible fixed assets		50,711	49,358
Grants received		1,466,294	1,595,874
Interest received		4,397	6,563
NET CASH (USED IN) INVESTING ACTIVITIES		<u>(686,662)</u>	<u>(1,211,604)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(1,610,043)	(1,679,244)
Borrowings fee		-	(56,250)
Repayments of borrowings		(85,000)	(85,000)
NET CASH (USED IN) FINANCING ACTIVITIES		<u>(1,695,043)</u>	<u>(1,820,494)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		<u>958,296</u>	<u>(179,532)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>4,049,506</u>	<u>4,229,038</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>5,007,802</u>	<u>4,049,506</u>
 Relating to:			
Bank balances and short term deposits included in cash at bank and in hand		5,007,802	4,049,506
Overdrafts included in "creditors: amounts falling due within one year"		-	-
		<u>5,007,802</u>	<u>4,049,506</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2021

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.

Principal judgements

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

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

AS AT 31 MARCH 2021

1. Accounting Policies (continued)

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

Principal judgements - continued

- The Association participates in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. In 2018 the Pension Trust developed a method of calculating each member's share of the assets and liabilities of the scheme. Management's estimate of the defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in Note 24). The net defined benefit pension liability at 31 March 2021 was £81,000.

Critical accounting estimates

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

(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 operations of the group are largely unchanged as a result of Osprey Housing Moray's engagements being transferred to Osprey Housing Limited and this does not change the group's going concern basis of preparation.

The Group has a healthy cash position and growing reserves. The Board have reviewed detailed budgets and cashflow projections as part of the annual budget discussion for 2021/22 and the submission to the Scottish Housing Regulator of the five-year financial projections.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

AS AT 31 MARCH 2021

1. Accounting Policies (continued)

(c) Going Concern (continued)

No significant long-term impact on the Group's financial position and no material uncertainties have been identified at this time. On that basis, the Board is satisfied that the Group has adequate resources to continue for the foreseeable future, which is defined as 12 months after signing the financial statements, and as such, it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

(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 2021

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 2021

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 2021

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 2021

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 2021

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 2021

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 2021

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.

OHL 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 2021

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, actuarial valuations of the scheme were carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive, and as at 30 September 2020 to inform the liabilities for accounting year ends from 31 March 2021 to 28 February 2022 inclusive.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2021

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

	Note	Turnover	Operating Costs	(Loss) on Disposal of fixed assets	Operating Surplus	Operating Surplus for Previous period of account
		£	£	£	£	£
Affordable Lettings	3a	10,649,778	(6,318,723)	-	4,331,055	4,163,331
Other activities	3c	330,947	(365,238)	-	(34,291)	14,877
(Loss) on disposal of fixed assets		-	-	(112,474)	(112,474)	(42,120)
Total		<u>10,980,725</u>	<u>(6,683,961)</u>	<u>(112,474)</u>	<u>4,184,290</u>	<u>4,136,088</u>
Restated Total for previous period		<u>10,448,162</u>	<u>(6,269,954)</u>	<u>(42,120)</u>	<u>4,136,088</u>	

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

	Note	Turnover	Operating Costs	Gain on Disposal of fixed assets	Operating Surplus	Operating Surplus for Previous period of account
		£	£	£	£	£
Affordable Lettings	3b	6,737,066	(4,224,625)	-	2,512,441	2,499,663
Other activities	3d	639,243	(342,079)	-	297,164	353,113
Gain on disposal of fixed assets		-	-	2,675	2,675	21,875
Total		<u>7,376,309</u>	<u>(4,566,704)</u>	<u>2,675</u>	<u>2,812,280</u>	<u>2,874,651</u>
Restated Total for previous period		<u>7,182,856</u>	<u>(4,330,080)</u>	<u>21,875</u>	<u>2,874,651</u>	

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2021

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

Group	2021	2020
	£	£
Rents receivable net of identifiable service charges	9,259,930	8,839,071
Service charges	178,227	179,473
Gross income from rents and service charges	9,438,157	9,018,544
Less: voids	(76,348)	(57,559)
Net income from rents and service charges	9,361,809	8,960,985
Grants released from deferred income	1,287,969	1,189,236
Other revenue grants	-	-
Total turnover from affordable letting activities	10,649,778	10,150,221
Management and maintenance administration costs	2,392,402	2,354,314
Service costs	188,070	171,414
Planned and cyclical maintenance including major repairs costs	515,386	441,000
Reactive maintenance costs	1,199,595	1,067,100
Bad debts – rent and service charges	(10,365)	81,837
Depreciation of social housing	2,033,635	1,871,225
Operating costs for affordable letting activities	6,318,723	5,986,890
Operating surplus for affordable lettings	4,331,055	4,163,331
Operating surplus for affordable lettings for previous period of account	4,163,331	

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2021

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

	2021	2020
Association		
	£	£
Rents receivable net of identifiable service charges	5,875,001	5,699,367
Service charges	141,952	143,453
Gross income from rents and service charges	6,016,953	5,842,820
Less: voids	(38,589)	(25,113)
Net income from rents and service charges	5,978,364	5,817,707
Grants released from deferred income	758,702	736,486
Other revenue grants	-	-
Total turnover from affordable letting activities	6,737,066	6,554,193
Management and maintenance administration costs	1,616,728	1,630,489
Service costs	138,950	124,514
Planned and cyclical maintenance including major repairs costs	338,262	235,241
Reactive maintenance costs	799,257	738,194
Bad debts – rent and service charges	(8,494)	35,404
Depreciation of social housing	1,339,922	1,290,688
Operating costs for affordable letting activities	4,224,625	4,054,530
Operating surplus for affordable lettings	2,512,441	2,499,663
Operating surplus for affordable lettings for previous period of account	2,499,663	

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2021

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	-	-	-	-	-	-	4,628	(4,628)	13,775
Factoring	-	-	-	4,780	4,780	3,560	-	1,220	1,059
Development and construction of property	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	14,034	14,034	-	8,313	5,721	2,241
Other agency/management services	-	-	-	95,255	95,255	-	56,422	38,833	12,124
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non- registered social landlords	-	-	-	-	-	-	-	-	-
Other activities	58,504	-	-	158,374	216,878	119,944	172,371	(75,437)	(14,322)
Total from other activities	58,504	-	-	272,443	330,947	123,504	241,734	(34,291)	14,877
Total from other activities for the previous period of account	33,032	39,318	-	225,591	297,941	78,638	204,426	14,877	

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2021

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	-	-	-	-	-	-	875	(875)	1,349
Factoring	-	-	-	4,780	4,780	3,560	-	1,220	1,061
Development and construction of property	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	138,717	138,717	-	138,717	-	-
Developments for sale to RSLs	-	-	-	-	-	-	-	-	-
Mid Market Rent Lease Income	-	-	-	350,690	350,690	-	-	350,690	350,690
Other activities	25,272	-	-	119,784	145,056	82,200	116,727	(53,871)	13
Total from other activities	25,272	-	-	613,971	639,243	85,760	256,319	297,164	353,113
Total from other activities for the previous period of account	17,702	13,098	-	597,863	628,663	57,070	218,480	353,113	

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2021

4. Housing Stock

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

Group

	2021	2020
	No	No
General Needs	1,645	1,624
Mid-Market	88	88
Shared Ownership (LIFT properties)	29	29
Factoring (Owner Occupiers)	20	20
Total units in management	<u>1,782</u>	<u>1,761</u>

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

Association

	2021	2020
	No	No
General Needs	1,074	1,059
Mid-Market	77	77
Shared Ownership (LIFT properties)	29	29
Factoring (Owner Occupiers)	20	20
Total units in management	<u>1,200</u>	<u>1,185</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

	2021	2020
	No	No
Leased units to Aberdeenshire Council	4	4
Leased units to Moray Council	-	6
Leased to Other Third Parties	2	2
	<u>6</u>	<u>12</u>

Association

	2021	2020
	No	No
Leased units to Aberdeenshire Council	4	4
Leased to Other Third Parties	2	2
	<u>6</u>	<u>6</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2021

5. Interest payable	2021	2020
Group	£	£
Loan Interest	1,861,793	1,993,453
Net finance gain on pension liability	17,000	29,000
	<u>1,878,793</u>	<u>2,022,453</u>
Association		
Loan Interest	1,580,657	1,636,657
Net finance gain on pension liability	17,000	28,000
	<u>1,597,657</u>	<u>1,664,657</u>

6. Operating Surplus

This is stated after charging the following:

	2021	2020
Group	£	£
Directors' Remuneration	317,254	186,278
Auditors remuneration – audit services	34,048	30,338
Other bodies relating to Auditor	9,478	13,201
Internal Audit	5,400	6,824
Operating leases	11,431	10,907
Release of Capitalised Facility Fee	25,731	40,731
Amortisation of intangible fixed assets	31,813	31,637
Depreciation of housing properties	2,033,635	1,871,225
Depreciation of other tangible fixed assets	<u>32,445</u>	<u>28,734</u>
Association		
Directors' Remuneration	317,524	186,278
Auditors remuneration – audit services	15,932	14,509
Other bodies relating to Auditor	5,912	10,428
Internal Audit	3,719	4,700
Operating leases	11,431	10,907
Release of Capitalised Facility Fee	14,898	29,898
Amortisation of intangible fixed assets	22,872	23,172
Depreciation of housing properties	1,339,922	1,290,688
Depreciation of other tangible fixed assets	<u>21,241</u>	<u>18,435</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2021

7. Employees

	2021	2020
Group	£	£
Wages and salaries	1,187,634	1,166,403
Social Security costs	111,824	103,979
Other Pension costs	200,861	201,976
	<u>1,500,319</u>	<u>1,472,358</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	6
Business Support	8	7
	<u>34</u>	<u>33</u>

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

	2021	2020
	£	£
From Above	1,500,319	1,472,358
SHAPS Pension Deficit	20,244	15,556
Capitalised Salary Costs	(17,743)	(25,125)
	<u>1,502,820</u>	<u>1,462,789</u>

	2021	2020
Association	£	£
Wages and salaries	967,599	934,007
Social Security costs	90,542	81,833
Other Pension costs	182,003	180,675
	<u>1,240,144</u>	<u>1,196,515</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	14
Corporate	6	6
Business Support	7	6
	<u>27</u>	<u>26</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2021

7. Employees (continued)

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

	2021	2020
	£	£
From Above	1,240,144	1,196,515
Staff Costs recharged to OHM	(352,012)	(332,291)
Staff Costs recharged from OHM	191,636	199,816
Capitalised Salary Costs	(14,543)	(10,517)
	<u>1,065,225</u>	<u>1,053,523</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 members of the Senior Leadership Team, Chief Executive, Glenn Adcock, Chief Finance Officer, Gary Walker, Stacy Angus, Housing Services Manager, Hugh Crothers, Asset Manager, Clare Ruxton, Corporate Services Manager and Martin Gray, Letting Services Manager.

There are 4 members of key management personnel who received emoluments of £60,000 or more (2020: 2).

	2021	Restated 2020
	£	£
Group and Association		
Aggregate emoluments for key management personnel (excluding pension contributions)	367,971	353,663
Pension contributions for key management personnel	61,125	60,215
Total	429,096	413,878
Aggregate emoluments of the Chief Executive (excluding pension contributions)	91,306	89,780
Pension contributions for the Chief Executive	20,217	19,880
Total	111,523	109,660

The Chief Executive, Chief Finance Officer, Asset Manager and Leasing Services Manager 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:

	2021	2020
	No	No
Group and Association		
£60,001 - £70,000	2	-
£70,001 - £80,000	-	1
£80,001 - £90,000	1	-
£90,001 - £100,000	-	-
£100,001 - £110,000	-	1
£110,001 - £120,000	1	-

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2021

8. Taxation (Group)	2021	2020
	£	£
UK Corporation Tax on profits for the year	-	-
Total Current Tax	-	-
Factors affecting the tax charge for the year:		
Surplus on ordinary activities of OIL multiplied by the standard rate of corporation tax (19%)	13,839	16,839
Expenses not deductible for tax purposes	-	-
Group relief	(13,839)	(16,839)
Amounts in respect of prior periods	-	-
Current tax charge for the period	-	-

9. Intangible Fixed Assets

Group

	IT Software
Cost	£
At 1 April 2020	314,074
Additions during year	-
	<u>314,074</u>
Amortisation	
At 1 April 2020	(218,165)
Charge for year	(31,813)
At 31 March 2021	<u>(249,978)</u>
Net Book Value	
At 31 March 2021	<u>64,096</u>
At 31 March 2020	<u>95,909</u>

Association

	IT Software
Cost	£
At 1 April 2020	224,536
Additions during year	-
	<u>224,536</u>
Amortisation	
At 1 April 2020	(155,924)
Charge for year	(22,872)
At 31 March 2021	<u>(178,796)</u>
Net Book Value	
At 31 March 2021	<u>45,740</u>
At 31 March 2020	<u>68,612</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2021

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

	Housing Properties under construction	Housing Properties held for letting	Total
	£	£	£
Cost			
At 1 April 2020	1,189,403	148,229,035	149,418,438
Additions during year	2,862,461	761,247	3,623,708
Disposals during year	(52,330)	(332,407)	(384,737)
Transfers	(2,014,055)	2,014,055	-
At 31 March 2021	<u>1,985,479</u>	<u>150,671,930</u>	<u>152,657,409</u>
Depreciation			
At 1 April 2020	-	(19,735,926)	(19,735,926)
Charge for year	-	(2,033,635)	(2,033,635)
Disposals during year	-	215,251	215,251
At 31 March 2021	<u>-</u>	<u>(21,554,310)</u>	<u>(21,554,310)</u>
Net Book Value			
At 31 March 2021	<u>1,985,479</u>	<u>129,117,620</u>	<u>131,103,099</u>
At 31 March 2020	<u>1,189,403</u>	<u>128,493,109</u>	<u>129,682,512</u>

Interest of £nil (2020: £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 £23,221,423 (2020: £22,962,123) which is not depreciated.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2021

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

	Housing Properties under construction	Housing Properties held for letting	Total
Cost	£	£	£
At 1 April 2020	1,121,366	99,503,687	100,625,053
Additions during year	1,900,868	301,322	2,202,190
Disposals during year	-	(151,428)	(151,428)
Transfers	(1,941,206)	1,941,206	-
At 31 March 2021	<u>1,081,028</u>	<u>101,594,787</u>	<u>102,675,815</u>
Depreciation			
At 1 April 2020	-	(12,211,610)	(12,211,610)
Charge for year	-	(1,339,922)	(1,339,922)
Disposals during year	-	103,392	103,392
At 31 March 2021	<u>-</u>	<u>(13,448,140)</u>	<u>(13,448,140)</u>
Net Book Value			
At 31 March 2021	<u>1,081,028</u>	<u>88,146,647</u>	<u>89,227,675</u>
At 31 March 2020	<u>1,121,366</u>	<u>87,292,077</u>	<u>88,413,443</u>

Interest of £nil (2020: £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 £15,814,897 (2020: £15,555,597) which is not depreciated.

10c.) Expenditure on existing properties	Year ended 31 March 2021	Year ended 31 March 2020
Group	£	£
Major repairs expensed	-	-
Replacement of components	761,247	874,855
Total	<u>761,247</u>	<u>874,855</u>
Association	£	£
Major repairs expensed	-	-
Replacement of components	301,322	522,609
Total	<u>301,322</u>	<u>522,609</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2021

10d.) Other Tangible Fixed Assets - Group

	IT Equipment	Furniture, Fittings & Equipment	Office Property	Total
	£	£	£	£
Cost				
At 1 April 2020	146,586	117,118	1,141,125	1,404,829
Additions during year	4,882	992	-	5,874
Disposals during year	-	-	-	-
At 31 March 2021	151,468	118,110	1,141,125	1,410,703
Depreciation				
At 1 April 2020	(119,084)	(103,668)	(535,488)	(758,240)
Charge for the year	(9,044)	(4,087)	(19,314)	(32,445)
Disposals during year	-	-	-	-
At 31 March 2021	(128,128)	(107,755)	(554,802)	(790,685)
Net Book Value				
At 31 March 2021	23,340	10,355	586,323	620,018
At 31 March 2020	27,502	13,450	605,637	646,589

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2021

10e.) Other Tangible Fixed Assets - Association

	IT Equipment	Furniture, Fittings & Equipment	Office Property	Total
	£	£	£	£
Cost				
At 1 April 2020	132,356	70,326	650,127	852,809
Additions during year	4,882	992	-	5,874
Disposals during year	-	-	-	-
At 31 March 2021	137,238	71,318	650,127	858,683
Depreciation				
At 1 April 2020	(108,680)	(58,876)	(234,669)	(402,225)
Charge for the year	(8,085)	(3,662)	(9,494)	(21,241)
Disposals during year	-	-	-	-
At 31 March 2021	(116,765)	(62,538)	(244,163)	(423,466)
Net Book Value				
At 31 March 2021	20,473	8,780	405,964	435,217
At 31 March 2020	23,676	11,450	415,458	450,584

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2021

10f.) Investment Property – Group and Association

	Investment Property
	£
Valuation	
At 1 April 2020	400,000
Revaluation	-
As at 31 March 2021	<u>400,000</u>

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 2021. 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	2021	2020
	£	£
Association		
Shares in unlisted subsidiary companies at cost	<u>101</u>	<u>101</u>

The subsidiary companies at 31 March 2021 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 are as follows:

Surplus for the year after Taxation	<u>950,751</u>	<u>848,968</u>
Net Assets	<u>6,895,134</u>	<u>5,944,383</u>

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

Surplus for the period after Taxation	<u>72,839</u>	<u>88,628</u>
Net Assets	<u>403,889</u>	<u>331,050</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2021

12. Debtors

	2021	2020
	£	£
Group		
Amounts falling due within one year		
Gross rents in arrears	278,460	393,419
Less: bad debt provision	(137,842)	(174,791)
	140,618	218,628
HAG Receivable	468,128	-
Other debtors	570,565	574,497
Less: bad debt provision	(269,421)	(219,211)
	909,890	573,914
	2020	2020
	£	£
Association		
Amounts falling due within one year		
Gross rents in arrears	162,569	250,601
Less: bad debt provision	(77,849)	(114,633)
	84,720	135,968
Amount due from group company	58,422	55,745
HAG Receivable	355,865	-
Other debtors	405,582	430,447
Less: bad debt provision	(213,539)	(180,341)
	691,050	441,819

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2021

13. Creditors: amounts falling due within one year

	2021	2020
	£	£
Group		
Loans (Note 14)	484,602	410,055
Retentions unpaid	348,681	303,235
Prepaid rent	364,763	254,336
Accruals	837,765	910,780
Other Tax and Social Security	5,655	8,201
Trade Creditors	788,203	489,257
Other Creditors	240,621	103,443
HAG Repayable	-	83,020
Deferred Capital Grant (note 15)	1,307,064	1,287,969
	<u>4,377,354</u>	<u>3,850,296</u>

Other creditors in the prior year included Housing Association Grant of £83,020 for a Development acquisition that did not settle prior to the end of the financial year. The development settled during the current financial year, therefore repayment to the Scottish Government, as per the terms of the grant offer, was not required.

Association

Loans (Note 14)	51,000	85,000
Retentions Unpaid	172,475	140,840
Prepaid Rent	245,372	143,074
Accruals	634,701	711,226
Other Tax and Social Security	1,249	2,105
Trade Creditors	461,089	434,856
Other Creditors	12,202	5,321
HAG Repayable	-	83,020
Intercompany Creditor	113,725	13,824
Deferred Capital Grant (note 15)	777,865	758,702
	<u>2,469,678</u>	<u>2,377,968</u>

Other creditors in the prior year included Housing Association Grant of £83,020 for a Development acquisition that did not settle prior to the end of the financial year. The development settled during the current financial year, therefore repayment to the Scottish Government, as per the terms of the grant offer, was not required.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2021

14. Creditors: amounts falling due after one year

	2021	2020
	£	£
Group		
Loans	45,210,612	45,758,827
Deferred Capital Grant (note 15)	73,376,141	72,351,374
	<u>118,586,753</u>	<u>118,110,201</u>
Association		
Loans	34,636,568	34,725,855
Deferred Capital Grant (note 15)	47,523,647	46,836,570
	<u>82,160,215</u>	<u>81,562,425</u>

OHL loans from Lloyds Banking Group amounting to £23,054,000 (2020: £23,139,000) are secured by specific charges on its properties on a 25 year term. This was revised with effect from 1st April 2010 and 5th January 2016 and further revised on 9th April 2021, securing a facility of £30.9m. £22m has a fixed interest rate for the duration of the loan, £1.1m has a variable interest rate linked to SONIA plus agreed margin and £7.5m has been secured via a 5 year Revolving Credit Facility with an interest rate also linked to SONIA plus agreed margin. This facility was renewed on 10 March 2020. A further interest free loan of £3,743,498 is unsecured and is repayable between 2027 and 2033.

OHM loans from Nationwide amounting to £7,028,481 (2020: £7,389,696) 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 was fixed at 3.78% for a period of 10 years, which matured in January 2021. The loan reverted to a variable rate of 3 month LIBOR plus margin. Osprey Housing Management secured a Revolving Credit Facility of £5,000,000 from Lloyds Banking Group in 2017/18, of which £4,000,000 has been drawn down. This facility was renewed on 9th April 2021 for a further 5-year term with interest based on SONIA plus agreed margin. The loan is secured by a first ranking standard security over an initial 120 units of the Association's housing stock.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2021

14. Creditors due out with one year (continued)

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

Group	2021	2020
	£	£
Less than one year (note 13)	484,602	410,055
Between one and two years	4,518,602	395,220
Between two and five years	9,129,805	12,835,227
In five years or more	31,683,672	32,675,579
Capitalised Facility Fee	(121,467)	(147,199)
Total Loans after one year	45,210,612	45,758,827
Total Loans Outstanding	45,695,214	46,168,882
Association		
Less than one year (note 13)	51,000	85,000
Between one and two years	85,000	51,000
Between two and five years	7,829,000	7,721,000
In five years or more	26,823,200	27,069,385
Capitalised Facility Fee	(100,632)	(115,530)
Total Loans after one year	34,636,568	34,725,855
Total Loans Outstanding	34,687,568	34,810,855

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2021

15. Deferred Capital Grant	2021	2020
	£	£
Group		
As at 1 April	73,639,343	72,979,467
Capital Grant Additions	2,333,183	1,849,584
Capital Grant Released	(1,287,969)	(1,189,236)
Capital Grant Disposals	(1,352)	(472)
As at 31 March	<u>74,683,205</u>	<u>73,639,943</u>
Amounts to be released within one year (note 13)	1,307,064	1,287,969
Amounts to be released in more than one year (note 14)	73,376,141	72,351,374
	<u>74,683,205</u>	<u>73,639,943</u>
Association		
As at 1 April	47,595,272	46,736,356
Capital Grant Additions	1,466,294	1,595,874
Capital Grant Released	(758,702)	(736,486)
Capital Grant Disposals	(1,352)	(472)
As at 31 March	<u>48,301,512</u>	<u>47,595,272</u>
Amounts to be released within one year (note 13)	777,865	758,702
Amounts to be released in more than one year (note 14)	47,523,647	46,836,570
	<u>48,301,512</u>	<u>47,595,272</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2021

16. Financial Instruments

	2021	2020
Group	£	£
<i>Financial assets:</i>		
Debt instruments measured at amortised cost	747,212	403,198
Total	<u>747,212</u>	<u>403,198</u>
<i>Financial liabilities:</i>		
Measured at amortised cost	47,901,479	48,058,617
Total	<u>47,901,479</u>	<u>48,058,617</u>
	2021	2020
Association	£	£
<i>Financial assets:</i>		
Debt instruments measured at amortised cost	573,092	317,841
Total	<u>573,092</u>	<u>317,841</u>
<i>Financial liabilities:</i>		
Measured at amortised cost	36,081,760	36,199,942
Total	<u>36,081,760</u>	<u>36,199,942</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2021

17. Notes to Statement of Cash flows

Group	2021	2020
	£	£
Reconciliation of operating surplus to net cash inflow from activities		
Surplus for the year	2,312,610	2,096,153
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	2,066,080	1,899,959
Revaluation of investment property	-	35,000
Amortisation of intangible fixed assets	31,813	31,637
Amortisation of capital grant	(1,287,969)	(1,189,236)
Abatement of capital grant	(1,352)	(472)
Defined benefit pension scheme	423,000	143,000
Fair value losses on financial instruments	(27,454)	(9,449)
Loss on disposal of tangible fixed assets	112,474	42,120
Interest received	(7,113)	(17,518)
Interest payable	1,878,793	2,022,453
Shares issued	-	2
Shares cancelled	-	(5)
Operating cash flows before movement in working capital	5,500,882	5,053,644
(Increase) in trade and other debtors	(335,976)	(72,313)
Increase/(Decrease) in trade and other creditors	79,087	(1,524,136)
Cash generated from operations	5,243,993	3,457,195
CASH AND CASH EQUIVALENTS	2021	2020
	£	£
Cash and cash equivalents represent:		
Cash at bank	8,424,718	6,751,677
Notice deposits (less than 3 months)	-	-
Overdraft facility repayable on demand	-	-
	8,424,718	6,751,677

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2021

17. Notes to Statement of Cash flows (continued)

Association

	2021	2020
Reconciliation of operating surplus to net cash inflow from activities	£	£
Surplus for the year	1,219,020	1,181,557
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	1,361,163	1,309,123
Revaluation of investment property	-	35,000
Amortisation of intangible fixed assets	22,872	23,172
Amortisation of capital grant	(758,702)	(736,486)
Abatement of capital grant	(1,352)	(472)
Defined benefit pension scheme	493,000	158,000
Fair value losses on financial instruments	(38,287)	(20,282)
(Gain) on disposal of tangible fixed assets	(2,675)	(21,875)
Interest received	(4,397)	(6,563)
Interest payable	1,597,657	1,636,657

Operating cash flows before movement in working capital	3,888,299	3,557,831
--	------------------	------------------

(Increase) in trade and other debtors	(249,231)	(69,409)
---------------------------------------	-----------	----------

(Decrease) in trade and other creditors	(299,067)	(663,856)
---	-----------	-----------

Cash generated from operations	3,340,001	2,824,566
---------------------------------------	------------------	------------------

CASH AND CASH EQUIVALENTS

	2021	2020
Cash and cash equivalents represent:	£	£
Cash at bank	5,007,802	4,049,506
Notice deposits (less than 3 months)	-	-
Overdraft facility repayable on demand	-	-
	5,007,802	4,049,506

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2021

17. Notes to Statement of Cash flows (continued)

Group

	1 April 2020 £	Cash Flow £	Other Non-cash movements £	31 March 2021 £
Net Debt Reconciliation				
Cash at bank and in hand	6,751,677	1,673,041	-	8,424,718
Bank Loan	(410,055)	410,055	(484,602)	(484,602)
Due within one year	(410,055)	410,055	(484,602)	(484,602)
Bank Loan	(45,758,827)	36,159	512,056	(45,210,612)
Due out with one year	(45,758,827)	36,159	512,056	(45,210,612)
Total Net Debt	(39,417,205)	2,119,255	27,454	(37,270,496)

Association

	1 April 2020 £	Cash Flow £	Other Non-cash movements £	31 March 2021 £
Net Debt Reconciliation				
Cash at bank and in hand	4,049,506	958,296	-	5,007,802
Bank Loan	(85,000)	85,000	(51,000)	(51,000)
Due within one year	(85,000)	85,000	(51,000)	(51,000)
Bank Loan	(34,725,855)	-	89,287	(34,636,568)
Due out with one year	(34,725,855)	-	89,287	(34,636,568)
Total Net Debt	(30,761,349)	1,043,296	38,287	(29,679,766)

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2021

18. Capital Commitments

	2021	2020
Group	£	£
Land and Buildings	4,090,998	1,940,491
Replacement Components	245,186	140,026
Intangible Fixed Assets	-	-
Board authorised expenditure contracted less certified	<u>4,336,184</u>	<u>2,080,517</u>
	2021	2020
Association	£	£
Land and Buildings	745,844	1,852,165
Replacement Components	124,811	-
Intangible Fixed Assets	-	-
Board authorised expenditure contracted less certified	<u>870,655</u>	<u>1,852,165</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 2020. As of this date the estimated employer debt for Osprey Housing Moray was £452,622.

Association

The Association is in a VAT group with its subsidiaries Osprey Housing Moray and Osprey Initiatives Limited. The total group VAT liability of £5,655 (2020: £8,201) 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 2021, the Group and Association had annual commitments under non-cancellable operating leases as detailed below:

	Plant & Machinery	
	2021	2020
Group & Association	£	£
Amounts due:		
Within one year	24,190	10,523
Within two to five years	52,061	8,886
After five years	-	-
	<u>76,251</u>	<u>19,409</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2021

21. Share Capital

Group	2021	2020
Shares of £1 each, issued and fully paid:		
At 1 April	30	33
Issued during year	-	2
Cancelled during year	-	(5)
At 31 March	<u>30</u>	<u>30</u>

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

22. General Reserve

Group	2021	2020
	£	£
Opening Balance	16,190,074	13,950,921
Surplus for the year	2,312,610	2,096,153
Transfer from Pension Reserve	55,000	143,000
Total General Reserve	<u>18,557,684</u>	<u>16,190,074</u>

Association	2021	2020
	£	£
Opening Balance	9,883,672	8,544,115
Surplus for the year	1,219,020	1,181,557
Transfer from Pension Reserve	75,000	158,000
Total General Reserve	<u>11,177,692</u>	<u>9,883,672</u>

23. Pension Reserves

Group	2021	2020
	£	£
Opening Balance	(854,000)	(1,233,000)
Actuarial Gain on Pension Scheme	423,000	522,000
Transfer to General Reserve	(55,000)	(143,000)
Total General Reserve	<u>(486,000)</u>	<u>(854,000)</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 2021

23. Pension Reserves - continued

	2021	2020
Association	£	£
Opening Balance	(823,000)	(1,164,000)
Actuarial Gain/(Loss) on Pension Scheme	493,000	499,000
Transfer to General Reserve	(75,000)	(158,000)
Total General Reserve	<u>(405,000)</u>	<u>(823,000)</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.

Osprey Housing Limited - North East Scotland Pension Fund.

Osprey Housing Limited 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 2020.

The employers contributions to the LGPS by the RSL for the year ended 31 March 2021 were £167,000 (2020: £167,000) at a contribution rate of 22.6% of pensionable salaries. The employers contribution rate for the year ending 31 March 2022 has been set at 40.5%. The employers contributions for the year ended 31 March 2022 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 2021

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:

	2021	2020
	%	%
RPI	2.80	1.95
CPI	2.80	1.95
Salary increases	2.80	2.00
Discount rate	2.05	2.40

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

	2021	2020
	Years	Years
Males	21.5	21.5
Females	24.2	24.2

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

	2021	2020
	Years	Years
Males	23.1	23.1
Females	26.3	26.3

Osprey Housing Moray – Scottish Housing Associations' Pension Scheme

The Association participates in the Scottish Housing Associations' Pension Scheme (SHAPS), a multi-employer 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. This valuation revealed a deficit of £121m. A Recovery Plan has been put in place to eliminate the deficit which will run to either 30 September 2022 or 31 March 2023 (depending on funding levels) for the majority of employers, although certain employers have different arrangements.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2021

24. Pensions (continued)

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

For financial years ending on or before 28 February 2019, it was not possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has 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.

Similarly, actuarial valuations of the scheme were carried out as at 30 September 2019 to inform the liabilities for accounting year ends from 31 March 2020 to 28 February 2021 inclusive, and as at 30 September 2020 to inform the liabilities for accounting year ends from 31 March 2021 to 28 February 2022 inclusive.

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

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

	2021	2020
	%	%
RPI	3.33	2.68
CPI	2.84	1.68
Salary increases	3.84	2.68
Discount rate	2.09	2.41

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

	2021	2020
	Years	Years
Males	21.5	21.5
Females	23.4	23.2

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2021

24. Pensions (continued)

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

	2021	2020
	Years	Years
Males	22.8	22.8
Females	25.0	24.5

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

	Group		Association	
	2021	2020	2021	2020
	£	£	£	£
Current service cost	(222,000)	(265,000)	(222,000)	(265,000)
Net interest on the defined liability pension	(17,000)	(29,000)	(17,000)	(28,000)
Administration expenses	(3,000)	(3,000)	(3,000)	(3,000)
Expenses	(1,000)	-	-	-
	<u>(243,000)</u>	<u>(297,000)</u>	<u>(242,000)</u>	<u>(296,000)</u>

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

	Group		Association	
	2021	2020	2021	2020
	£	£	£	£
Opening defined benefit obligation	7,100,000	7,521,000	6,422,000	6,757,000
Current service cost	222,000	265,000	222,000	265,000
Interest on pension liabilities	169,000	189,000	153,000	172,000
Expenses	1,000	-	-	-
Member contributions	50,000	51,000	50,000	51,000
Past Service Cost	-	29,000	-	29,000
Actuarial losses/(gains) on liabilities	1,552,000	(826,000)	1,435,000	(744,000)
Benefits / transfers	(129,000)	(129,000)	(107,000)	(108,000)
Closing defined benefit obligation	<u>8,965,000</u>	<u>7,100,000</u>	<u>8,175,000</u>	<u>6,422,000</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2021

24. Pensions (continued)

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

	Group		Association	
	2021	2020	2021	2020
	£	£	£	£
Opening fair value of plan assets	6,246,000	6,288,000	5,599,000	5,593,000
Interest on plan assets	152,000	160,000	136,000	144,000
Actuarial (losses)/gains on assets	1,975,000	(304,000)	1,928,000	(245,000)
Administration expenses	(3,000)	(3,000)	(3,000)	(3,000)
Employer contributions	188,000	183,000	167,000	167,000
Member contributions	50,000	51,000	50,000	51,000
Benefits /transfers paid	(129,000)	(129,000)	(107,000)	(108,000)
Closing fair value of plan assets	<u>8,479,000</u>	<u>6,246,000</u>	<u>7,770,000</u>	<u>5,599,000</u>

The actual return on plan assets was £2,037,000 (2020: actual loss of £143,000) for the Group and £1,974,000 (2020: actual loss of £100,000) for the Association.

The total pension liabilities for this year are:

	Group		Association	
	2021	2020	2021	2020
	£	£	£	£
Defined benefit obligations	8,965,000	7,100,000	8,175,000	6,422,000
Fair value of plan assets	<u>(8,479,000)</u>	<u>(6,246,000)</u>	<u>(7,770,000)</u>	<u>(5,599,000)</u>
Net defined benefit pension liabilities	<u>486,000</u>	<u>854,000</u>	<u>405,000</u>	<u>823,000</u>

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

	Group		Association	
	2021	2020	2021	2020
	£	£	£	£
Defined benefit obligations	(1,552,000)	826,000	(1,435,000)	744,000
Fair value of plan assets	<u>1,975,000</u>	<u>(304,000)</u>	<u>1,928,000</u>	<u>(245,000)</u>
Net defined benefit pension liabilities	<u>423,000</u>	<u>522,000</u>	<u>493,000</u>	<u>499,000</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2021

24. Pensions (continued)

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

	Group		Association	
	2021	2020	2021	2020
	£'000	£'000	£'000	£'000
Equities	4,591	3,096	4,591	3,096
Gov. bonds	389	370	389	370
Other bonds	70	106	70	106
Property	456	421	443	409
Cash	233	112	233	112
Other	2,044	1,506	2,044	1,506
Absolute return	35	40	-	-
Alternative risk premia	28	52	-	-
Corporate bond fund	54	47	-	-
Credit relative value	20	16	-	-
Distressed opportunities	24	12	-	-
Emerging markets debt	29	23	-	-
Fund of hedge funds	-	-	-	-
Global equity	110	89	-	-
High yield	19	-	-	-
Infrastructure	40	38	-	-
Insurance - linked securities	15	17	-	-
Liability driven investment	171	170	-	-
Liquid credit	12	17	-	-
Long lease property	16	16	-	-
Net current assets	5	5	-	-
Opportunistic credit	19	-	-	-
Opportunistic illiquid credit	18	16	-	-
Over 15 year gilts	-	8	-	-
Private debt	17	13	-	-
Risk sharing	25	20	-	-
Secured income	39	36	-	-
	8,479	6,246	7,770	5,599

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2021

25. Related Party Transactions

Osprey Housing Limited recharged £171,528 (2020: £164,557) of expenses relating to Osprey Initiatives Limited and £350,690 (2020: £350,690) in relation to the lease of housing stock on operating leases.

Osprey Initiatives incurred expenditure of £926 (2020: £450) on behalf of Osprey Housing Limited.

The balance due from Osprey Initiatives at the year-end was £896 (2020: £2,120) and the balance due to Osprey Initiatives at the year-end was £1,376 (2020: £450).

Osprey Housing Limited incurred expenditure of £560,277 (2020: £675,537) on behalf of Osprey Housing Moray.

Osprey Housing Moray incurred expenditure of £435,188 (2020: £335,975) 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 £57,525 (2020: £53,548) and the balance due to Osprey Housing Moray at the year-end was £112,349 (2020: £13,374).

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 are 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 2021 totalled 9 (2020: 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 2021

28. Post Balance Event

The Association completed its Transfer of Engagements to parent organisation, Osprey Housing Limited, on 1st April 2021.