

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

CONSOLIDATED
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

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 2022

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Registration Particulars:

Company Number	SC198586
Charity Number	SC029461
RSL Number	312

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

OFFICERS AND PROFESSIONAL ADVISERS

31 MARCH 2022

Osprey Housing Limited Board of Directors

Michael Scott, Chair

Leslie Allan, Vice Chair (Appointed 01/04/2021)

Stuart Robertson

Robert Hepburn

Brian A. Topping

Jonathan Young

Douglas Bodie

Marian Reid (Resigned 27/10/2021)

Simpson Buglass

Raymond Edgar

James Milne (Appointed 01/04/2021)

Brian Watson (Appointed 01/04/2021)

Catherine Darbyshire (Appointed 01/04/2021/Resigned 15/09/2021)

Michael McLafferty (Appointed 01/04/2021/Resigned 24/02/2022)

Alison Mitchell (Appointed 15/09/2021)

Claire Crawford (Appointed 25/11/2021)

Osprey Initiatives Board of Directors

Douglas Bodie, Chair

Catherine Darbyshire, Vice Chair

Stuart Robertson

Robert Hepburn

Leslie Allan (Appointed 15/09/2021)

Simpson Buglass (Appointed 15/09/2021)

Glenn Adcock (Resigned 30/11/2021)

Stacy Angus (Appointed 01/12/2021)

Gary Walker

Executive Officers

Stacy Angus, Chief Executive

Gary Walker, Chief Finance Officer

Registered Office

22 Abercrombie Court

Prospect Road

Arnhall Business Park

Westhill

Aberdeenshire

AB32 6FE

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

OFFICERS AND PROFESSIONAL ADVISERS

31 MARCH 2022
(Continued)

Bankers

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

Bank of Scotland
90 High Street
Elgin
IV30 1BJ

Nationwide
Kings Park Road
Moulton Park
Northampton
NN3 6NW

Company Secretary

Clare Ruxton (Appointed 01/04/2022)

Solicitors

TC Young
69 George Street
Edinburgh
EH2 2JG

Peterkins
60 Market Place
Inverurie
AB51 3XN

Auditors

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

Internal Auditors

Azets
25 Bothwell Street
Glasgow
G2 6NL

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

REPORT OF THE BOARD (incorporating STRATEGIC REPORT)

31 MARCH 2022

The Board present their report and audited financial statements for the year ended 31 March 2022.

Background and Legal structure

Osprey Housing Limited (OHL) was registered in August 1999 under the Companies Act 1999 (now Companies Act 2006) (Company No SC198586). OHL is governed by its Articles of Association that have been aligned with the Scottish Federation of Housing Associations (SFHA) model rules (Scotland) 2015.

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

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

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

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

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

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.

One Organisation

The successful completion of the transfer of engagements (ToE), formally effective from 1 April 2021, has been a major catalyst for further change and progress. In October 2021, we also acquired the stock of Aberdeen Soroptimist Housing Society via a separate ToE and this report reflects the outcome of the single entity as OHL.

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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)

31 MARCH 2022

One Organisation (continued)

The table below shows the number of properties owned by OHL at 31 March 2022:

Owned Properties	2022	2021
Tenanted	1,686	1,074
Leased to OIL	88	77
Leased to Third Parties	5	6
Total	1,779	1,157

In addition, OHL owns 21 standalone garages (2021: 21) and factors 17 shared ownership (2021: 17) and 20 owner occupied units (2021: 20).

Post pandemic

We continue to operate in uncertain times which brings with it significant challenges, however this is also viewed as an opportunity for improvement. OHL has delivered well under these circumstances, continually making progress as an organisation, maintaining strong performance throughout. OHL has demonstrated that we are well equipped to meet these challenges and also see opportunity for improvement and growth by being responsive and agile to the environment we operate in.

We worked throughout the pandemic 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 in person. We continue to embrace Hybrid meetings to maximise our attendance and involvement. Our offices are now in full use however we have adopted a hybrid working model for our staff team to embed and commit to the improved performance this gave the team. This gives staff members the ownership and empowerment to be agile and responsive whilst improving staff satisfaction and wellbeing alongside better organisational outcomes.

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

31 MARCH 2022

Strategic Report

New Strategic Business Plan 2022-25

In May 2022, the Board approved a new 3 year Strategic Plan for 2022-2025. The Plan sets out the Group's vision, mission and ambitions up to 2025.

The plan sets out our Vision, Mission & Ambitions:

Our Vision

Making a difference every day

Our Mission

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

Our Values

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

✓ **AMBITION and ACHIEVEMENT**

We are a high performing organisation delivering through innovation and challenge

✓ **EQUALITY and RESPECT**

We recognise and celebrate the unique value in everyone

✓ **QUALITY and PROFESSIONALISM**

We strive to deliver high standards

✓ **AGILE and RESPONSIVE**

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

The plan also highlights our four key Strategic Ambitions:

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

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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)

31 MARCH 2022

Awareness of Risk and mitigation

Osprey has a culture of being risk aware, but we are not risk averse. We review and revise risks on a revolving basis, at least every 6 months, formally through the governance cycle and monthly at Leadership Team level.

Business planning and risk assessment are complementary. It is vital to assess risks that effect the organisation's ability to meet key objectives. It is important that objectives and risks are clear, current, relevant and set at a strategic level with Board approval. During 2021-22 we carried out an internal audit on our Risk Management Policy and Framework, making some adjustments to ensure we reflect current best practise. The overall risk matrix has six key strategic risks which are:

- Financial Viability
- Asset Management
- Housing Management
- Corporate and Governance Failures
- Covid 19 Response
- MMR stock portfolio

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

Governance and Management

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

Board members are directly involved in the ongoing development and monitoring of the evidence base that provides the necessary level of assurance. Sources of assurance are mapped against regulatory requirements and standards in a detailed compliance review on an annual basis by the Board.

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

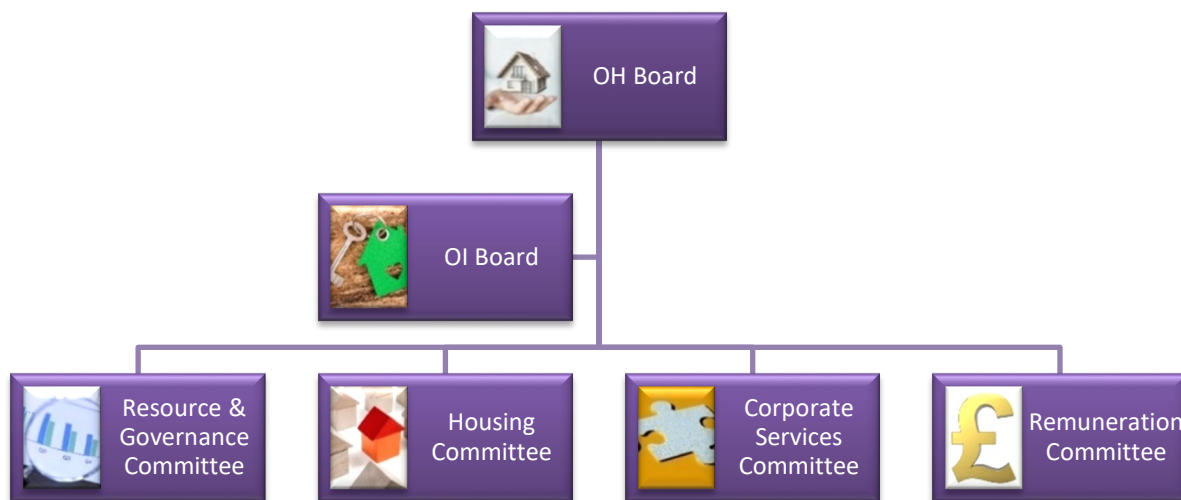
31 MARCH 2022

Governance and Management (continued)

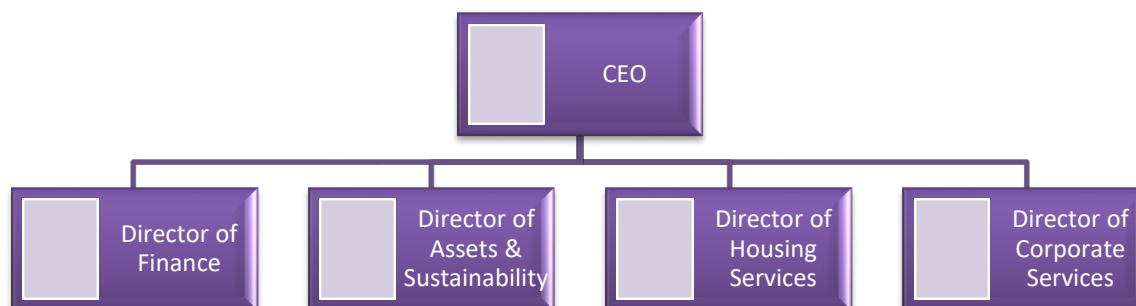
Evidence of those sources of assurance include:

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

Our governance structure is detailed below:



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



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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)

31 MARCH 2022

Governance and Management (continued)

During the year, and following an extensive recruitment process, Stacy Angus was promoted to the role of Chief Executive Officer, following the retirement of Glenn Adcook.

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

Our People

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

The Board recognises the importance of employee involvement and encourages engagement in all aspects of the business through a variety of methods and media. In this context the Board is delighted to report that Osprey 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. The latest review in December 2021 showed progress on reaching the next level in accreditation.

OHL understands the positive impact of pro-active and engaging personal development opportunities for staff and Board members, and this has been incorporated into organisational wide training and events. A programme to accelerate this has been planned for the year 2022-23 to further improve the motivation and effectiveness of our team.

Overview of Activities and Performance

We have refocussed and redesigned the way we provide services to our tenants and customers to improve efficiency, performance and value for money. We are investing in technology and digital services, whilst retaining the right balance of personal service to our customers. In particular, we invest in our people; have high expectations of and aspirations for our staff team.

1. Strengthening financial performance and resilience
2. Improving services to tenants and other customers
3. Improving tenant and staff satisfaction
4. Maximising the potential of digital services, connectivity, artificial intelligence and data analytics
5. Increasing the effectiveness of our strategic partnership working
6. Maximising our contribution to the provision of new homes, dealing with homelessness and supporting local communities across our area of operation

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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)

31 MARCH 2022

Overview of Activities and Performance (continued)

Outturn exceeded financial expectations and the OHL/Group surplus remains healthy at the 31 March 2022. However, with the impact of the economic climate being uncertain, detailed monitoring and review of budgets and forecasting will be ongoing. The financial business plan inclusive of 30-year projections will also be subject to further stringent stress testing.

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

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

KPI OHL	Actual 2020/21	Target 2021/2022	Actual 2021/2022	Target 2022/2023
Current rent arrears	1.9%	3.0%	2.8%	3.0%
Former rent arrears	0.9%	1.2%	1.0%	1.2%
Void loss	0.7%	0.7%	0.7%	0.7%
Void performance	27 working days	20 working days	34 working days	25 working days
Board & Committee attendance	94%	80%	90%	80%
Staff attendance	99%	98%	99%	98%

Indicators in line with the Annual Return on the Charter (ARC) definitions were set for the year to 31 March 2022 based on historic and benchmark material, with targets agreed by the Board which sought to anticipate the likely impact on performance of the covid pandemic and the associated restrictions on the Associations' activities.

The performance tables above demonstrate that the Board anticipated a deterioration in performance against the 2020/21 year, particularly with respect to increasing levels of rent arrears. This has been borne out by the actual performance for 2021/22 where there has been a deterioration in performance against these metrics compared with 2020/21.

Whilst the performance of the Association has been negatively impacted by the various lockdown restrictions, and the economic impact of those, performance remained strong with operating surplus exceeding target, and our lenders' covenants being comfortably attained.

The performance experience of the 2020/21 financial year has influenced the establishment of revised targets in these areas for 2022/23. The operating and economic environment continues to

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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)

31 MARCH 2022

Overview of Activities and Performance (continued)

present an uncertain backdrop, with high inflation leading to a cost of living crisis for many. Our business planning and budgeting retains a high degree of prudence in establishing our key financial targets which will be subject to regular monitoring by the senior leadership team and the Board.

ESG - Environmental, Social and Governance

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

The ethos of ESG aligns with Osprey's values, principles and ambitions, is part of our culture and how we operate as a business. Therefore, it forms the foundation for how we want to progress into the future. There are many benefits for Osprey to invest in aligning ESG with the Strategic Business Plan – a strong ESG proposition can help create enormous business value across the organisation. The Sustainability Reporting Standard for Social Housing (SRS) was launched in November 2020 to measure the sectors response to ESG and provide a clear framework promoting transparency, comparability and benchmarking.

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

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

Osprey has commenced the accreditation process for committing to ESG including adopting the SRS framework, this will complement our existing reporting and we will commit to sharing these outcomes annually with tenants.

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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)

31 MARCH 2022

Digital Development

We have continued to make progress on our Digital Strategy during 2021/22 to help us in our aim to deliver efficient, effective services and working practices.

We are now fully migrated to the cloud using 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. All digital development takes full account of the requirement for data protection, data handling and information management.

Due to the global current affairs, a heightened emphasis has been placed on cyber security given the increase in levels of cyber-attacks. In view of this we have increased staff training and awareness, as well as complying with sector guidance issued by SHR. We are working towards increasing the level of our cyber security accreditation during 2022/23.

Future Growth

The Strategic plan outlines the ambition to continue to build more affordable homes in a sustainable way that compliments the current stock profile and delivers housing fit for the future. During the 2021/22 year we have delivered 25 new homes, and our reviewed Business Plan and lending profile allows us to extend our growth to an additional 370 units by 2025.

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

Treasury Management

The Board’s agreed policy is that the Group should not enter into transactions of a speculative nature. At 31 March 2022, the Group had an appropriate mix of fixed and variable rate finance.

Osprey undertook a review of their treasury management with the assistance of consultants, Chatham Financial. This review was comprehensive and reported back to the Board with recommendations and available options. This resulted in securing and extending Revolving Credit Facilities (RCF) of £25M on improved terms with our current lender, Lloyds Banking Group in April 2022.

All LIBOR related loans were converted to SONIA during the year.

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

31 MARCH 2022

Going Concern

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

Health and Safety

Board Members are aware of their responsibilities in respect of the Health & Safety at Work Act 1976 and a wide range of associated legislation. The Governing Bodies have reviewed health and safety systems and, the arrangements in place across the Group. The Board is reassured of compliance both in respect of direct service provision and on behalf of those organisations to which services are provided. In addition, there is a 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.

Financial Review

The Group achieved an operating surplus for the year of £3.8m (2021: £4.2m) in a year which saw the Group undertake two Transfer of Engagements, Osprey Housing Moray for a full financial year and Aberdeen Soroptimist Housing Society for five months.

Income from social letting activities rose by 0.8% to £10.7 (2021: £10.6m). Osprey Housing implemented a rent freeze from 1 April 2021, therefore the increase in turnover is almost entirely related to new build property completions during the year.

Operating costs include expenditure on reactive, cyclical and planned maintenance totalling £1.9m (2021: £1.9m), with an additional spend of £1.4m (2021: £0.8m) being treated as capital expenditure. Expenditure on planned maintenance is derived from 30 year life cycle costing consultant's reports designed to ensure that all housing properties are maintained to a specific standard, thereby continuing to extend the useful life of the properties.

On 1 April 2021, the Association acquired the net assets of its subsidiary, Osprey Housing Moray and the results of the Association therefore reflect the impact of this transfer for the full financial year. This transfer of engagements produced a gain of £15.1m in the year for the Association, while the Group results reflect no gain as Osprey Housing Moray was already part of the Group prior to the transfer of engagements.

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

31 MARCH 2022

Financial Review - continued

The gain for the Association reflects the difference between the fair value of the assets and liabilities at the date of transfer and the net carrying values of those assets and liabilities at that date.

On 1 November 2021, the Association acquired the net assets of Aberdeen Soroptimist Housing Society and the results of the Association therefore reflect the impact of this transfer for the final five months of the financial year. This transfer of engagements produced a gain of £0.7m in the year for the Group/Association in relation to the fair value adjustments calculated at the date of transfer. These gains reflect the difference between the fair value of the assets and liabilities at the date of transfer and the net carrying values of those assets and liabilities at that date.

The total comprehensive income for the Group was £3.2m (2021: £2.7m). This incorporates an actuarial gain of £0.4m (2021: £0.4m), in respect of the North East of Scotland Local Government Pension Scheme (NESPF) and the Scottish Housing Association Pension Scheme (SHAPS). The actuarial gain or loss on the pension schemes is calculated by the pension trustees, and adopts the independent actuary's central assumptions in each reporting period.

At 31 March 2022, the Group's total reserves amounted to £21.3m (2021: £18.1m), an increase of £3.2m (2021: 2.7m) from 31 March 2021. The increase in reserves is attributed to the surpluses achieved by the Group in the year to 31 March 2021.

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 2022, 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 2022 are £21.5m (2021: £18.6m).

Rent Policy

The Board has taken significant steps to minimise rent increases and were pleased to be able to apply an additional year of rent and service charge freeze for 2022/23 financial year. This was welcomed by tenants during a very difficult time for many with the cost of living pressure particularly relating to low income households. This further demonstrates the strength and ability of Osprey's increased capacity as a single entity RSL, allowing us to do to support our tenants.

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

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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)

31 MARCH 2022

Credit Payment Policy

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

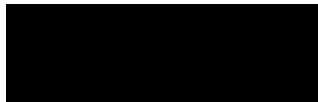
Statement as to Disclosure of Information to Auditors

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

Appointment of auditors

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

By order of the Board



Michael Scott
Chair

Date: 23 September 2022

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF BOARD RESPONSIBILITIES

31 MARCH 2022

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

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

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and the company for that period. The directors must also satisfy themselves that the financial statements comply with The Statement of Recommended Practice Accounting by Registered Social Landlords 2018.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements – February 2019. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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BOARD'S STATEMENT ON INTERNAL FINANCIAL CONTROL

31 MARCH 2022

The Board acknowledge their ultimate responsibility for ensuring that the Group has in place a system of controls that is appropriate to the various business environments in which it operates. These controls are designed to give reasonable assurance with respect to:

- The reliability of financial information used within the Group or for publication;
- The maintenance of proper accounting records; and
- The safeguarding of assets (against unauthorised use or disposition).

It is the Board's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material misstatement or loss. Key elements include ensuring that:

- Policies and procedures are in place, all key systems have either been documented or are in the process of being documented, including the rules relating to the delegation of authorities, which allow the monitoring of controls and restrict the unauthorised use of the Group's assets;
- Experienced and suitably qualified staff takes responsibility for important business functions;
- Forecasts and budgets are prepared regularly which allow the Board and staff to monitor the key business risks and financial objectives and progress towards the financial plans set for the year and the medium term; regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information and any significant variance from budgets are investigated as appropriate;
- All significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures;
- The Board review reports from management and from internal and external auditors to provide reasonable assurance that control procedures are in place and are being followed;
- Formal procedures have been established for instituting appropriate action to correct weaknesses identified from the above reports;
- The Board have implemented an outsourced internal audit function which reports to the Joint Resource & Governance Committee, in the first instance; and
- The Board have completed a Strategic Risk Map and identified the controls necessary to manage and mitigate the risks identified.

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BOARD'S STATEMENT ON INTERNAL FINANCIAL CONTROL
(Continued)

31 MARCH 2022

The Board has reviewed the system of internal financial control in the Group during the year ended 31 March 2022. No weaknesses were found in internal financial controls which could result in material losses, contingencies, or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements. These arrangements are considered appropriate to the scale and range of the Group's activities and comply with the requirements contained in the Scottish Housing Regulator's Guidance.

By order of the Board



Michael Scott
Chair

Date: 23 September 2022

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2022

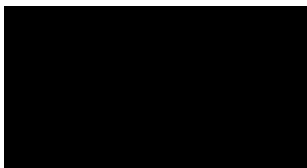
In addition to our audit of the Financial Statements, we have reviewed your statement on Pages 18 to 19 concerning the Housing Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory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

Basis of Opinion

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

Opinion

In our opinion the Statement on Internal Financial Control on pages 18 to 19 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.



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

Date: 29/09/22

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2022

Opinion

We have audited the financial statements of Osprey Housing Limited (the ‘Association’) and its subsidiaries (the ‘group’) for the year ended 31 March 2022 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 2022 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 2022

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 2022

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 17, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2022

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

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

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

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

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

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

As a result of these procedures we consider the most significant laws and regulations that have a direct impact on the financial statements are the Companies Act 2006, FRS 102, the Housing SORP 2018, the Scottish Housing Regulator's Determination of Accounting Requirements – February 2019 and 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 2022

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), the Data Protection Act 2018 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, including a search of the Information Commissioner's Office register.

The group audit engagement team identified the risk of management override of controls and the risk of fraud in revenue recognition 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, and reviewing a risk-based sample of income items to confirm valid and recorded within the correct period.

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

Use of our report

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



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

Date: 29/09/22

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF COMPREHENSIVE INCOME – GROUP
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Turnover	2a	11,136,198	10,980,725
Less: Operating Costs	2a	(7,264,958)	(6,683,961)
(Loss) on disposal of Property		(85,695)	(112,474)
Operating Surplus	2a	3,785,545	4,184,290
Business combination - Excess of fair value of assets over the fair value of liabilities acquired	25	732,126	-
Interest receivable and other income		-	7,113
Interest payable and similar charges	5	(1,671,827)	(1,878,793)
Surplus before taxation	6	2,845,844	2,312,610
Taxation	8	-	-
Surplus for the year		2,845,844	2,312,610
Actuarial gain/(loss) on pension schemes	24	396,000	423,000
Total Comprehensive Income for the year		3,241,844	2,735,610

The results relate wholly to continuing activities.

The accompanying notes on pages 34 to 82 form part of these financial statements.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF COMPREHENSIVE INCOME – ASSOCIATION
FOR THE YEAR ENDED 31 MARCH 2022

	Notes	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Turnover	2b	10,512,000	7,376,309
Less: Operating Costs	2b	(6,772,609)	(4,566,704)
(Loss)/Gain on disposal of Property		(85,695)	2,675
Operating Surplus	2b	<u>3,653,696</u>	<u>2,812,280</u>
Business combination - Excess of fair value of assets over the fair value of liabilities acquired	25	15,847,954	-
Interest receivable and other income		-	4,397
Interest payable and similar charges	5	<u>(1,671,827)</u>	<u>(1,597,657)</u>
Surplus for the year	6	17,829,823	1,219,020
Actuarial gain on pension scheme	24	396,000	493,000
Total Comprehensive Income for the year		<u>18,225,823</u>	<u>1,712,020</u>

The results relate wholly to continuing activities.

The accompanying notes on pages 34 to 82 form part of these financial statements.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION – GROUP AS AT 31 MARCH 2022
Company Number: SC198586

	Notes	31 March 2022 £	31 March 2021 £
Intangible Fixed Assets	9	32,284	64,096
Tangible Fixed Assets			
Housing Properties	10a	136,970,933	131,103,099
Other Fixed Assets	10d	533,020	620,018
Investment Properties	10f	400,000	400,000
		<u>137,903,953</u>	<u>132,123,117</u>
Current Assets			
Debtors	12	2,340,346	909,890
Cash at bank and in hand		7,783,264	8,424,718
		<u>10,123,610</u>	<u>9,334,608</u>
Creditors: amounts falling due within one year	13	<u>(4,499,783)</u>	<u>(4,377,354)</u>
Net current assets		<u>5,623,827</u>	<u>4,957,254</u>
Total assets less current liabilities		143,560,064	137,144,467
Creditors: amounts falling due after more than one year	14	(122,030,501)	(118,586,753)
Net assets excluding pension liability		21,529,563	18,557,714
Defined benefit pension liability	24	<u>(216,000)</u>	<u>(486,000)</u>
Net Assets including pension liability		<u>21,313,563</u>	<u>18,071,714</u>
Capital and Reserves			
Share Capital	21	35	30
General Reserve	22	21,529,528	18,557,684
Pension Reserve	23	<u>(216,000)</u>	<u>(486,000)</u>
		<u>21,313,563</u>	<u>18,071,714</u>

These financial statements on pages 34 to 82 were approved by the Board and authorised for issue on 23 September 2022 and signed on their behalf by:

Board Member [REDACTED] Michael Scott

Board Member [REDACTED] Leslie Allan

Board Member [REDACTED] Brian Topping

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION – ASSOCIATION AS AT 31 MARCH 2022
Company Number: SC198586

	Notes	31 March 2022 £	31 March 2021 £
Intangible Fixed Assets	9	32,284	45,740
Tangible Fixed Assets			
Housing Properties	10b	119,133,234	89,227,675
Other Fixed Assets	10e	533,020	435,217
Investment Properties	10f	400,000	400,000
		120,066,254	90,062,892
Fixed Asset Investments			
Investments	11	100	101
Current Assets			
Debtors	12	2,318,793	691,050
Cash at bank and in hand		7,373,922	5,007,802
		9,692,715	5,698,852
Creditors: amounts falling due within one year	13	(3,866,882)	(2,469,678)
Net current assets		5,825,833	3,229,174
Total assets less current liabilities		125,924,471	93,337,907
Creditors: amounts falling due after more than one year	14	(96,709,921)	(82,160,215)
Net assets excluding pension liability		29,214,550	11,177,692
Defined Benefit pension liability	24	(216,000)	(405,000)
Net Assets including pension liability		28,998,550	10,772,692
Capital and Reserves			
Share Capital	21	35	-
General Reserve	22	29,214,515	11,177,692
Pension Reserve	23	(216,000)	(405,000)
		28,998,550	10,772,692

These financial statements on pages 34 to 82 were approved by the Board and authorised for issue on 23 September 2022 and signed on their behalf by:

Board Member [REDACTED] Michael Scott

Board Member [REDACTED] Leslie Allan

Board Member [REDACTED] Brian Topping

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF CHANGES IN RESERVES - GROUP

FOR THE YEAR ENDED 31 MARCH 2022

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

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF CHANGES IN RESERVES - ASSOCIATION

FOR THE YEAR ENDED 31 MARCH 2022

	Share Capital	Income and expenditure reserve	Pension Reserve	Total
	£	£	£	£
Balance at 1 April 2020	-	9,883,672	(823,000)	9,060,672
Surplus for the year	-	1,219,020	-	1,219,020
Actuarial gain on pension schemes	-	493,000	-	493,000
Transfer (to)/from pension reserve	-	(418,000)	418,000	-
Share capital issued	-	-	-	-
Share capital cancelled	-	-	-	-
Balance as at 31 March 2021	-	11,177,692	(405,000)	10,772,692
Surplus for the year	-	17,829,823	-	17,829,823
Actuarial gain on pension schemes	-	396,000	-	396,000
Transfer (to)/from pension reserve	-	(189,000)	189,000	-
Share capital acquired on business combination	54	-	-	54
Share capital cancelled	(19)	-	-	(19)
Balance at 31 March 2022	35	29,214,515	(216,000)	28,998,550

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF CASHFLOWS - GROUP

YEAR TO 31 MARCH 2022

	Notes	2022 £	2021 £
NET CASH GENERATED FROM OPERATING ACTIVITIES	17	4,887,937	5,243,993
<hr/>			
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(7,758,467)	(3,629,582)
Proceeds from sale of tangible fixed assets		219,433	57,012
Grants received		3,957,938	2,333,183
Interest received		-	7,113
Cash acquired on business combinations		228,787	-
NET CASH (USED IN) INVESTING ACTIVITIES		<u>(3,352,309)</u>	<u>(1,232,274)</u>
<hr/>			
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(1,588,341)	(1,892,464)
Cancelled shares		(19)	-
Repayments of borrowings		(588,722)	(446,214)
NET CASH (USED IN) FINANCING ACTIVITIES		<u>(2,177,082)</u>	<u>(2,338,678)</u>
<hr/>			
NET (DECREASE) / INCREASE IN CASH AND CASH EQUIVALENTS		(641,454)	1,673,041
<hr/>			
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		8,424,718	6,751,677
<hr/>			
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>7,783,264</u>	<u>8,424,718</u>
<hr/>			
Relating to:			
Bank balances and short term deposits included in cash at bank and in hand		7,783,264	8,424,718
Overdrafts included in "creditors: amounts falling due within one year"		-	-
		<u>7,783,264</u>	<u>8,424,718</u>
<hr/>			

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF CASHFLOWS - ASSOCIATION

YEAR TO 31 MARCH 2022

	Notes	2022 £	2021 £
NET CASH GENERATED FROM OPERATING ACTIVITIES	17	5,117,390	3,340,001
<hr/>			
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(7,758,467)	(2,208,064)
Proceeds from sale of tangible fixed assets		219,433	50,711
Grants received		3,957,938	1,466,294
Interest received		-	4,397
Cash acquired on business combinations		3,006,908	-
NET CASH (USED IN) INVESTING ACTIVITIES		<u>(574,188)</u>	<u>(686,662)</u>
<hr/>			
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(1,588,341)	(1,610,043)
Cancelled shares		(19)	-
Repayments of borrowings		(588,722)	(85,000)
NET CASH (USED IN) FINANCING ACTIVITIES		<u>(2,177,082)</u>	<u>(1,695,043)</u>
<hr/>			
NET INCREASE IN CASH AND CASH EQUIVALENTS		2,366,120	958,296
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		5,007,802	4,049,506
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>7,373,922</u>	<u>5,007,802</u>
<hr/>			
Relating to:			
Bank balances and short term deposits included in cash at bank and in hand		7,373,922	5,007,802
Overdrafts included in “creditors: amounts falling due within one year”		-	-
		<u>7,373,922</u>	<u>5,007,802</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2022

1. Accounting Policies

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

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

Introduction and accounting basis

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2018 "Statement of Recommended Practice for Registered Housing Providers" and they comply with the Determination of Accounting Requirements 2019, and under the historical cost convention.

The financial statements are prepared in Sterling (£).

Critical Accounting Estimates and Areas of Judgement

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

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

Principal judgements

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

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

AS AT 31 MARCH 2022

1. Accounting Policies (continued)

Critical Accounting Estimates and Areas of Judgement (continued)

Principal judgements - continued

- The Association participates in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. 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 2022 was £216,000 (2021: £486,000).

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

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.

In response to a high inflation environment and the cost of living crisis, the Board and the Senior Leadership Team have undertaken a careful analysis and review of the financial position of the Group and its longer term financial outlook. Our business planning projections now incorporate revised assumptions on levels of inflation, potential rent increases and bad debt provision. The Groups expenditure budgets and investment plans have been revised

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

AS AT 31 MARCH 2022

1. Accounting Policies (continued)

Going Concern (continued)

accordingly to ensure our continuing financial strength and compliance with all lenders' financial covenants.

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

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

Consolidation

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

Business Combination

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

Turnover

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

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

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

AS AT 31 MARCH 2022

1. Accounting Policies (continued)

Turnover (continued)

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

Service Charges

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

Intangible Fixed Assets (note 9)

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

IT Software 10% - 25% per annum straight line

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

Tangible fixed assets – Housing Properties (note 10)

Housing properties are properties for the provision of social and affordable housing or to otherwise provide social benefit and are principally properties available for rent and are therefore classed as property, plant and equipment rather than investment properties in accordance with the SORP.

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

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

AS AT 31 MARCH 2022

1. Accounting Policies (continued)

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

Housing properties, all of which are heritable properties, are stated at cost less accumulated depreciation. The development costs of housing properties include the following:

- Cost of acquiring land and buildings
- Development expenditure
- Interest charged on the mortgage loans raised to finance the scheme

Expenditure on schemes which are subsequently aborted is written off in the year in which it is recognised that the schemes will not be developed to completion.

Works to existing properties will generally be capitalised under the following circumstances:

- Where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored; or
- Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed assets in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property.

Works to existing properties which fail to meet the above criteria are charged to the Statement of Comprehensive Income.

The major components of the group are Land, Structure, Kitchen, Bathroom, Doors, Windows, Heating System, Boiler and Insulation. Each component has a substantially different economic life and is depreciated over this individual life. This is compliant with the SORP 2018.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

AS AT 31 MARCH 2022

1. Accounting Policies (continued)

Investment Properties

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

Depreciation – Housing Properties

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

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

Depreciation – Other Fixed Assets

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

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

Development Administration Costs

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

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

AS AT 31 MARCH 2022

1. Accounting Policies (continued)

Government Grants

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

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

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

Other Grants

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

Impairment of Fixed Assets

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

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

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

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS
(Continued)

AS AT 31 MARCH 2022

1. Accounting Policies (continued)

Sale of Housing Properties

Properties are disposed of under the appropriate legislation and guidance. All costs and grants relating to the share of property sold are removed from the financial statements at the date of sale. Any grants received that cannot be repaid from the proceeds of sale are abated and the grants removed from the financial statements.

Operating Leases

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

Value Added Tax

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

Deposits and Liquid Resources

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

Investments

Investments are stated at cost.

Taxation

The Group pays corporation tax on its non-charitable activities. As a Registered Social Landlord, the Association is exempt from payment of corporation tax on its social letting activities.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

1. Accounting Policies (continued)

Gift Aid

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

In line with ICAEW Technical Release ‘Tech16/14BL’, the Company treats this donation as a distribution of reserves and it is paid either pre year end or within 9 months of the year end. Any donation made in this manner is capped to the level of distributable reserves available. The Board of OIL are responsible for formally agreeing the amount, if any, to be distributed each year. The donation is recognised when paid and is not accrued as no legal covenant to distribute profit exists.

Financial Instruments

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

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

Financial assets

Debtors

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

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

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

1. Accounting Policies (continued)

Financial Instruments (continued)

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

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

Financial liabilities

Trade creditors

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

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

Borrowings

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

Derecognition of financial assets and liabilities

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

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

1. Accounting Policies (continued)

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 30 April 2015 with all staff transferred to the defined contribution section of SHAPS from 1 May 2015.

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

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

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

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	10,739,394	(6,715,554)	-	4,023,840	4,331,055
Other activities	3c	396,804	(549,404)	-	(152,600)	(34,291)
(Loss) on disposal of fixed assets		-	-	(85,695)	(85,695)	(112,474)
Total		11,136,198	(7,264,958)	(85,695)	3,785,545	4,184,290
Total for previous period		<u>10,980,725</u>	<u>(6,683,961)</u>	<u>(112,474)</u>	<u>4,184,290</u>	

2b.) ASSOCIATION – 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	3b	9,570,643	(6,108,489)	-	3,462,154	2,512,441
Other activities	3d	941,357	(664,120)	-	277,237	297,164
(Loss)/Gain on disposal of fixed assets		-	-	(85,695)	(85,695)	2,675
Total		10,512,000	(6,772,609)	(85,695)	3,653,696	2,812,280
Total for previous period		<u>7,376,309</u>	<u>(4,566,704)</u>	<u>2,675</u>	<u>2,812,280</u>	

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

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

Group	2022	2021
	£	£
Rents receivable net of identifiable service charges	9,348,356	9,259,930
Service charges	179,930	178,227
Gross income from rents and service charges	9,528,286	9,438,157
Less: voids	(95,956)	(76,348)
Net income from rents and service charges	9,432,330	9,361,809
Grants released from deferred income	1,307,064	1,287,969
Other revenue grants	-	-
Total turnover from affordable letting activities	10,739,394	10,649,778
Management and maintenance administration costs	2,593,992	2,392,402
Service costs	199,315	188,070
Planned and cyclical maintenance including major repairs costs	441,604	515,386
Reactive maintenance costs	1,262,199	1,199,595
Bad debts – rent and service charges	72,150	(10,365)
Depreciation of social housing	2,146,294	2,033,635
Operating costs for affordable letting activities	6,715,554	6,318,723
Operating surplus for affordable lettings	4,023,840	4,331,055
Operating surplus for affordable lettings for previous period of account	4,331,055	

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

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

	2022	2021
Association		
	£	£
Rents receivable net of identifiable service charges	8,677,188	5,875,001
Service charges	179,930	141,952
Gross income from rents and service charges	8,557,118	6,016,953
Less: voids	(63,912)	(38,589)
Net income from rents and service charges	8,793,206	5,978,364
Grants released from deferred income	777,437	758,702
Other revenue grants	-	-
Total turnover from affordable letting activities	9,570,643	6,737,066
Management and maintenance administration costs	2,450,320	1,616,728
Service costs	178,944	138,950
Planned and cyclical maintenance including major repairs costs	422,669	338,262
Reactive maintenance costs	1,171,356	799,257
Bad debts – rent and service charges	62,181	(8,494)
Depreciation of social housing	1,823,019	1,339,922
Operating costs for affordable letting activities	6,108,489	4,224,625
Operating surplus for affordable lettings	3,462,154	2,512,441
Operating surplus for affordable lettings for previous period of account	2,512,441	

OSPREY HO262SING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

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	-	44,768	-	-	44,768	-	44,768	-	(4,628)
Factoring	-	-	-	4,788	4,788	3,891	-	897	1,220
Development and construction of property	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	8,186	8,186	-	10,250	(2,064)	5,721
Other agency/management services	-	-	-	52,200	52,200	-	65,359	(13,159)	38,833
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non- registered social landlords	-	-	-	-	-	-	-	-	-
Other activities	42,575	-	-	244,287	286,862	115,722	309,414	(138,274)	(75,437)
Total from other activities	42,575	44,768	-	309,461	396,804	119,613	429,791	(152,600)	(34,291)
Total from other activities for the previous period of account	58,504	-	-	272,443	330,947	123,504	241,734	(34,291)	

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

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

	Grants from Scottish Minister s £	Other revenue grants £	Supporting people income £	Other income £	Total turnover £	Operating costs – bad debts £	Other operating costs £	Operating surplus £	Operating surplus for previous period of account £
Wider action/Wider role	-	44,648	-	-	44,648	-	44,768	(120)	(875)
Factoring	-	-	-	4,788	4,788	3,891	-	897	1,220
Development and construction of property	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	-
Other agency/management services	-	-	-	190,324	190,324	-	190,324	-	-
Developments for sale to RSLs	-	-	-	-	-	-	-	-	-
Mid Market Rent Lease Income	-	-	-	414,681	414,681	-	-	414,681	350,690
Other activities	42,575	-	-	244,341	286,916	115,722	309,415	(138,221)	(53,871)
Total from other activities	42,575	44,648	-	854,134	941,357	119,613	544,507	277,237	297,164
Total from other activities for the previous period of account	25,272	-	-	613,971	639,243	85,760	256,319	297,164	

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

4. Housing Stock

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

Group and Association

	2022	2021
	No	No
General Needs	1,686	1,645
Mid-Market	88	88
Shared Ownership (LIFT properties)	29	29
Factoring (Owner Occupiers)	20	20
Total units in management	1,823	1,782

The Group added 41 general needs units during the year; 15 from ASHS transfer of engagements, 25 new build completions and 1 transferred from leased stock. The 88 Mid-Market units are held to fulfil an affordable housing need and are therefore not investment properties.

Association

	2022	2021
	No	No
General Needs	1,686	1,074
Mid-Market	88	77
Shared Ownership (LIFT properties)	29	29
Factoring (Owner Occupiers)	20	20
Total units in management	1,823	1,200

The Association added 612 general needs units during the year; 571 from OHM transfer of engagements, 15 from ASHS transfer of engagements, 25 new build completions and 1 transferred from leased stock. It also added 11 Mid-Market Units from OHM transfer of engagements. The 88 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 and Association

	2022	2021
	No	No
Leased units to Aberdeenshire Council	3	4
Leased to Other Third Parties	2	2
	5	6

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

5. Interest payable	2022	2021
Group	£	£
Loan Interest	1,663,827	1,861,793
Net finance gain on pension liability	8,000	17,000
	<u>1,671,827</u>	<u>1,878,793</u>
Association		
Loan Interest	1,663,827	1,580,657
Net finance gain on pension liability	8,000	17,000
	<u>1,671,827</u>	<u>1,597,657</u>

6. Operating Surplus

This is stated after charging the following:

	2022	2021
Group	£	£
Directors' Remuneration	357,503	317,254
Auditors remuneration – audit services	41,596	34,048
Other bodies relating to Auditor	12,804	9,478
Internal Audit	12,720	5,400
Operating leases	17,138	11,431
Release of Capitalised Facility Fee	31,732	25,731
Amortisation of intangible fixed assets	31,812	31,813
Depreciation of housing properties	2,146,294	2,033,635
Depreciation of other tangible fixed assets	36,210	32,445
	<u>3,507,009</u>	<u>3,447,154</u>
Association		
Directors' Remuneration	357,503	317,524
Auditors remuneration – audit services	33,894	15,932
Other bodies relating to Auditor	9,700	5,912
Internal Audit	12,720	3,719
Operating leases	17,138	11,431
Release of Capitalised Facility Fee	31,732	14,898
Amortisation of intangible fixed assets	31,812	22,872
Depreciation of housing properties	1,823,019	1,339,922
Depreciation of other tangible fixed assets	36,210	21,241
	<u>2,384,931</u>	<u>1,873,741</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

7. Employees

	2022	2021
Group	£	£
Wages and salaries	1,266,921	1,187,634
Social Security costs	122,072	111,824
Other Pension costs	205,708	200,861
	<u>1,594,701</u>	<u>1,500,319</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	21	20
Corporate	5	6
Business Support	7	8
	<u>33</u>	<u>34</u>

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

	2022	2021
	£	£
From Above	1,594,701	1,500,319
SHAPS Pension Deficit	20,851	20,244
Capitalised Salary Costs	(26,604)	(17,743)
	<u>1,588,948</u>	<u>1,502,820</u>

	2022	2021
Association	£	£
Wages and salaries	1,266,921	967,599
Social Security costs	122,072	90,542
Other Pension costs	205,708	182,003
	<u>1,594,701</u>	<u>1,240,144</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	21	14
Corporate	5	6
Business Support	7	7
	<u>33</u>	<u>27</u>

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

7. Employees (continued)

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

	2022	2021
	£	£
From Above	1,594,701	1,240,144
Staff Costs recharged to OHM	-	(352,012)
Staff Costs recharged from OHM	-	191,636
SHAPS Pension Deficit	20,851	-
Capitalised Salary Costs	(26,604)	(14,543)
	1,588,948	1,065,225

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

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

There are 4 members of key management personnel who received emoluments of £60,000 or more (2021: 4).

	2022	2021
	£	£
Group and Association		
Aggregate emoluments for key management personnel (excluding pension contributions)	404,526	367,971
Pension contributions for key management personnel	58,849	61,125
Total	463,375	429,096
Aggregate emoluments of the Chief Executive (excluding pension contributions)	104,803	91,306
Pension contributions for the Chief Executive	16,368	20,217
Total	121,171	111,523

The Director of Finance, Director of Asset and Sustainability 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:

	2022	2021
	No	No
Group and Association		
£60,001 - £70,000	1	2
£70,001 - £80,000	-	-
£80,001 - £90,000	1	1
£90,001 - £100,000	1	-
£100,001 - £110,000	-	-
£110,001 - £120,000	-	1
£120,001 - £130,000	1	-

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

8. Taxation (Group)	2022	2021
	£	£
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%)	14,156	13,839
Expenses not deductible for tax purposes	-	-
Group relief	(14,156)	(13,839)
Amounts in respect of prior periods	-	-
Current tax charge for the period	-	-

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

9. Intangible Fixed Assets

Group

	IT Software
Cost	£
At 1 April 2021	314,074
Additions during year	-
	314,074
Amortisation	
At 1 April 2021	(249,978)
Charge for year	(31,812)
At 31 March 2022	(281,790)
Net Book Value	
At 31 March 2022	32,284
At 31 March 2021	64,096

Association

	IT Software
Cost	£
At 1 April 2021	224,536
Acquired through Business Combination	18,356
Additions during year	-
	242,892
Amortisation	
At 1 April 2021	(178,796)
Charge for year	(31,812)
At 31 March 2022	(210,608)
Net Book Value	
At 31 March 2022	32,284
At 31 March 2021	45,740

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

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

	Housing Properties under construction	Housing Properties held for letting	Total
Cost	£	£	£
At 1 April 2021	1,985,479	150,671,930	152,657,409
Acquired through Business Combination	-	510,000	510,000
Additions during year	6,243,313	1,395,403	7,638,716
Disposals during year	(10,665)	(433,569)	(444,234)
Transfers	(3,275,070)	3,275,070	-
At 31 March 2022	<u>4,943,057</u>	<u>155,418,834</u>	<u>160,361,891</u>
Depreciation			
At 1 April 2021	-	(21,554,310)	(21,554,310)
Charge for year	-	(2,146,294)	(2,146,294)
Disposals during year	-	309,646	309,646
At 31 March 2022	<u>-</u>	<u>(23,390,958)</u>	<u>(23,390,958)</u>
Net Book Value			
At 31 March 2022	<u>4,943,057</u>	<u>132,027,876</u>	<u>136,970,933</u>
At 31 March 2021	<u>1,985,479</u>	<u>129,117,620</u>	<u>131,103,099</u>

Interest of £nil (2021: £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 £23,622,695 (2021: £23,221,423) which is not depreciated.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

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

	Housing Properties under construction	Housing Properties held for letting	Total
Cost	£	£	£
At 1 April 2021	1,081,028	101,594,787	102,675,815
Acquired through Business Combination	904,451	23,320,000	24,224,451
Additions during year	6,243,313	1,395,403	7,638,716
Disposals during year	(10,665)	(243,628)	(254,293)
Transfers	(3,275,070)	3,275,070	-
At 31 March 2022	<u>4,943,057</u>	<u>129,341,632</u>	<u>134,284,689</u>
Depreciation			
At 1 April 2021	-	(13,448,140)	(13,448,140)
Charge for year	-	(1,823,019)	(1,823,019)
Disposals during year	-	119,704	119,704
At 31 March 2022	<u>-</u>	<u>(15,151,445)</u>	<u>(15,151,445)</u>
Net Book Value			
At 31 March 2022	<u>4,943,057</u>	<u>114,190,177</u>	<u>119,133,234</u>
At 31 March 2021	<u>1,081,028</u>	<u>88,146,647</u>	<u>89,227,675</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 £23,622,695 (2021: £15,814,897) which is not depreciated.

10c.) Expenditure on existing properties

	Year ended 31 March 2022	Year ended 31 March 2021
Group	£	£
Major repairs expensed	-	-
Replacement of components	1,395,403	761,247
Total	<u>1,395,403</u>	<u>761,247</u>
Association	£	£
Major repairs expensed	-	-
Replacement of components	1,395,403	301,322
Total	<u>1,395,403</u>	<u>301,322</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

10d.) Other Tangible Fixed Assets - Group

	IT Equipment £	Furniture, Fittings & Equipment £	Office Property £	Total £
Cost				
At 1 April 2021	151,468	118,110	1,141,125	1,410,703
Additions during year	24,367	35,372	60,012	119,751
Disposals during year	(108,599)	(100,142)	(490,998)	(699,739)
At 31 March 2022	<u>67,236</u>	<u>53,340</u>	<u>710,139</u>	<u>830,715</u>
Depreciation				
At 1 April 2021	(128,128)	(107,755)	(554,802)	(790,685)
Charge for the year	(9,164)	(4,224)	(22,822)	(36,210)
Disposals during year	108,600	100,142	320,458	529,200
At 31 March 2022	<u>(28,692)</u>	<u>(11,837)</u>	<u>(257,166)</u>	<u>(297,695)</u>
Net Book Value				
At 31 March 2022	<u>38,544</u>	<u>41,503</u>	<u>452,973</u>	<u>533,020</u>
At 31 March 2021	<u>23,340</u>	<u>10,355</u>	<u>586,323</u>	<u>620,018</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

10e.) Other Tangible Fixed Assets - Association

	IT Equipment	Furniture, Fittings & Equipment	Office Property	Total
	£	£	£	£
Cost				
At 1 April 2021	137,238	71,318	650,127	858,683
Acquired through Business Combination	2,867	1,575	180,359	184,801
Additions during year	24,367	35,372	60,012	119,751
Disposals during year	(98,381)	(56,699)	(180,359)	(335,439)
At 31 March 2022	<u>66,091</u>	<u>51,566</u>	<u>710,139</u>	<u>827,796</u>
Depreciation				
At 1 April 2021	(116,764)	(62,538)	(244,164)	(423,466)
Charge for the year	(9,164)	(4,224)	(22,822)	(36,210)
Disposals during year	98,381	56,699	9,820	164,900
At 31 March 2022	<u>(27,547)</u>	<u>(10,063)</u>	<u>(257,166)</u>	<u>(294,776)</u>
Net Book Value				
At 31 March 2022	<u>38,544</u>	<u>41,503</u>	<u>452,973</u>	<u>533,020</u>
At 31 March 2021	<u>20,473</u>	<u>8,780</u>	<u>405,964</u>	<u>435,217</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

10f.) Investment Property – Group and Association

	Investment Property
	£
Valuation	
At 1 April 2021	400,000
Revaluation	-
As at 31 March 2022	400,000

The Group's office property in Westhill, Aberdeen was valued by Graham + Sibbald, Chartered Surveyors, on 1 July 2020 at a value of £800,000. The Directors believe that this valuation is reflective of the value at 31 March 2022. 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	2022	2021
	£	£
Association		
Shares in unlisted subsidiary companies at cost	100	101

The subsidiary company at 31 March 2022 is Osprey Initiatives Limited which is a company registered in Scotland providing, constructing, encouraging or facilitating the provision and construction of affordable housing for Osprey Housing Limited. Osprey Housing Limited holds 100% of the share capital in Osprey Initiatives Limited. The £1 controlling share in former Subsidiary, Osprey Housing Moray was cancelled following the TOE.

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

(Loss)/Surplus for the period after Taxation	(74,505)	72,839
Net Assets	329,484	403,889

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

12. Debtors

	2022	2021
	£	£
Group		
Amounts falling due within one year		
Gross rents in arrears	384,416	278,460
Less: bad debt provision	(213,956)	(137,842)
	170,460	140,618
HAG Receivable	1,774,980	468,128
Prepayments	99,452	162,678
Other debtors	619,160	407,887
Less: bad debt provision	(323,706)	(269,421)
	2,340,346	909,890
	2022	2021
	£	£
Association		
Amounts falling due within one year		
Gross rents in arrears	362,395	162,569
Less: bad debt provision	(198,970)	(77,849)
	163,425	84,720
Amount due from group company	2,952	58,422
HAG Receivable	1,774,980	355,865
Prepayments	99,452	117,958
Other debtors	601,690	287,624
Less: bad debt provision	(323,706)	(213,539)
	2,318,793	691,050

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

13. Creditors: amounts falling due within one year

	2022	2021
	£	£
Group		
Loans (Note 14)	473,519	484,602
Retentions unpaid	291,600	348,681
Prepaid rent	368,935	364,763
Accruals	1,049,727	837,765
Other Tax and Social Security	23,824	5,655
Trade Creditors	926,157	788,203
Other Creditors	47,132	240,621
Deferred Capital Grant (note 15)	1,318,889	1,307,064
	4,499,783	4,377,354
Association		
Loans (Note 14)	473,519	51,000
Retentions Unpaid	291,600	172,475
Prepaid Rent	356,900	245,372
Accruals	1,005,202	634,701
Other Tax and Social Security	21,193	1,249
Trade Creditors	911,738	461,089
Other Creditors	18,781	12,202
Intercompany Creditor	546	113,725
Deferred Capital Grant (note 15)	787,403	777,865
	3,866,882	2,469,678

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

14. Creditors: amounts falling due after one year

	2022	2021
	£	£
Group		
Loans	44,708,459	45,210,612
Deferred Capital Grant (note 15)	77,322,042	73,376,141
	<u>122,030,501</u>	<u>118,586,753</u>
Association		
Loans	44,708,459	34,636,568
Deferred Capital Grant (note 15)	52,001,462	47,523,647
	<u>96,709,921</u>	<u>82,160,215</u>

OHL loans from Lloyds Banking Group amounting to £23,003,000 (2021: £23,054,000) are secured by specific charges on its properties on a 25 year term. This was revised with effect from 1st April 2010, 5th January 2016, 9th April 2021 and further revised on 6th April 2022, securing a facility of £48,003,000. £22m has a fixed interest rate for the duration of the loan, £1.m has a variable interest rate linked to SONIA plus agreed margin and £25m has been secured via a 5 year Revolving Credit Facility with an interest rate also linked to SONIA plus agreed margin.

OHL loans from Nationwide amounting to £6,619,669 (2020: £7,028,481) are secured by a first ranking standard security over 332 units of the Association's housing stock. These loans are on a 30 year term and interest was fixed at 1.95% until maturity.

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

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

14. Creditors due out with one year (continued)

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

Group	2022	2021
	£	£
Less than one year (note 13)	473,519	484,602
Between one and two years	444,487	4,518,602
Between two and five years	14,025,184	9,129,805
In five years or more	30,358,523	31,683,672
Capitalised Facility Fee	(119,735)	(121,467)
Total Loans after one year	44,708,459	45,210,612
Total Loans Outstanding	45,181,978	45,695,214
Association		
Less than one year (note 13)	473,519	51,000
Between one and two years	444,487	85,000
Between two and five years	14,025,184	7,829,000
In five years or more	30,358,523	26,823,200
Capitalised Facility Fee	(119,735)	(100,632)
Total Loans after one year	44,708,459	34,636,568
Total Loans Outstanding	45,181,978	34,687,568

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

15. Deferred Capital Grant	2022	2021
	£	£
Group		
As at 1 April	74,683,205	73,639,343
Capital Grant Additions	5,264,790	2,333,183
Capital Grant Released	(1,307,064)	(1,287,969)
Capital Grant Disposals	-	(1,352)
As at 31 March	<u>78,640,931</u>	<u>74,683,205</u>
Amounts to be released within one year (note 13)	1,318,889	1,307,064
Amounts to be released in more than one year (note 14)	77,322,042	73,376,141
	<u>78,640,931</u>	<u>74,683,205</u>
Association		
As at 1 April	48,301,512	47,595,272
Capital Grant Additions	5,264,790	1,466,294
Capital Grant Released	(777,437)	(758,702)
Capital Grant Disposals	-	(1,352)
As at 31 March	<u>52,788,865</u>	<u>48,301,512</u>
Amounts to be released within one year (note 13)	787,403	777,865
Amounts to be released in more than one year (note 14)	52,001,462	47,523,647
	<u>52,788,865</u>	<u>48,301,512</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

16. Financial Instruments

	2022	2021
Group	£	£
<i>Financial assets:</i>		
Debt instruments measured at amortised cost	2,240,894	747,212
Total	2,240,894	747,212
 <i>Financial liabilities:</i>		
Measured at amortised cost	47,496,590	47,901,479
Total	47,496,590	47,901,479
Association	2022	2021
	£	£
<i>Financial assets:</i>		
Debt instruments measured at amortised cost	2,219,341	573,092
Total	2,219,341	573,092
 <i>Financial liabilities:</i>		
Measured at amortised cost	47,409,845	36,081,760
Total	47,409,845	36,081,760

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

17. Notes to Statement of Cash flows

Group	2022	2021
Reconciliation of operating surplus to net cash inflow from activities	£	£
Surplus for the year	2,845,844	2,312,610
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	2,182,504	2,066,080
Amortisation of intangible fixed assets	31,812	31,813
Amortisation of capital grant	(1,307,064)	(1,287,969)
Abatement of capital grant	-	(1,352)
Pension service costs and expenses net of contributions paid	118,000	423,000
Fair value losses on financial instruments	-	(27,454)
Loss on disposal of tangible fixed assets	85,695	112,474
Interest received	-	(7,113)
Interest payable	1,671,827	1,878,793
Business combinations – excess of fair value of assets acquired	(732,126)	-
	<hr/>	<hr/>
Operating cash flows before movement in working capital	4,896,492	5,500,882
(Increase) in trade and other debtors	(115,888)	(335,976)
(Decrease)/Increase in trade and other creditors	107,333	79,087
Cash generated from operations	4,887,937	5,243,993
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS	2022	2021
Cash and cash equivalents represent:	£	£
Cash at bank	7,783,264	8,424,718
Notice deposits (less than 3 months)	-	-
Overdraft facility repayable on demand	-	-
	<hr/>	<hr/>
	7,783,264	8,424,718
	<hr/> <hr/>	<hr/> <hr/>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

17. Notes to Statement of Cash flows (continued)

Association	2022	2021
Reconciliation of operating surplus to net cash inflow from activities	£	£
Surplus for the year	17,829,823	1,219,020
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	1,859,229	1,361,163
Amortisation of intangible fixed assets	31,812	22,872
Amortisation of capital grant	(777,437)	(758,702)
Abatement of capital grant	-	(1,352)
Pension service costs and expenses net of contributions paid	118,000	493,000
Fair value losses on financial instruments	-	(38,287)
Loss / (Gain) on disposal of tangible fixed assets	85,695	(2,675)
Interest received	-	(4,397)
Interest payable	1,671,827	1,597,657
Business combinations – excess of fair value of assets acquired	(15,847,954)	-
	<hr/>	<hr/>
Operating cash flows before movement in working capital	4,970,995	3,888,299
(Increase) in trade and other debtors	(8,679)	(249,231)
(Decrease) in trade and other creditors	155,074	(299,067)
Cash generated from operations	5,117,390	3,340,001
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS	2022	2021
Cash and cash equivalents represent:	£	£
Cash at bank	7,373,922	5,007,802
Notice deposits (less than 3 months)	-	-
Overdraft facility repayable on demand	-	-
	<hr/>	<hr/>
	7,373,922	5,007,802
	<hr/>	<hr/>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

17. Notes to Statement of Cash flows (continued)

Group

	1 April 2021	Cash Flow	Other Non-cash movements	31 March 2022
Net Debt Reconciliation	£	£	£	£
Cash at bank and in hand	8,424,718	(641,454)	-	7,783,264
Bank Loan	(484,602)	484,602	(473,519)	(473,519)
Due within one year	(484,602)	484,602	(473,519)	(473,519)
Bank Loan	(45,210,612)	104,120	398,033	(44,708,459)
Due out with one year	(45,210,612)	104,120	398,033	(44,708,459)
Total Net Debt	(37,270,496)	(52,732)	(75,486)	(37,398,714)

Association

	1 April 2021	Cash Flow	Other Non- cash movements	31 March 2022
Net Debt Reconciliation	£	£	£	£
Cash at bank and in hand	5,007,802	2,366,120	-	7,373,922
Bank Loan	(51,000)	51,000	(473,519)	(473,519)
Due within one year	(51,000)	51,000	(473,519)	(473,519)
Bank Loan	(34,636,568)	537,722	(10,609,613)	(44,708,459)
Due out with one year	(34,636,568)	537,722	(10,609,613)	(44,708,459)
Total Net Debt	(29,679,766)	2,954,842	(11,083,132)	(37,808,056)

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

18. Capital Commitments

	2022	2021
Group	£	£
Land and Buildings	10,335,496	4,090,998
Replacement Components	220,096	245,186
Intangible Fixed Assets	-	-
Board authorised expenditure contracted less certified	10,555,592	4,336,184
	2022	2021
	£	£
Association		
Land and Buildings	10,335,496	745,844
Replacement Components	220,096	124,811
Intangible Fixed Assets	-	-
Board authorised expenditure contracted less certified	10,555,592	870,655

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

19. Contingent Liability

Association

OHL has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2021. As of this date the estimated employer debt was £296,025.

OHL has been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over recent years. The Trustee has been advised to seek clarification from the Court on potential changes to the pension liability. This process is ongoing and OHL understands that the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but until the outcome of the Court process is known, it is not possible to calculate the impact on the liabilities of this issue, particularly on an individual employer basis, with any accuracy for the purposes of the 31 March 2022 financial statements. Accordingly no adjustment has been made in these financial statements in respect of this potential issue.

The Association is in a VAT group with its subsidiary, Osprey Initiatives Limited. The total group VAT liability of £23,824 (2021: £5,655) will have to be paid in full by the Association in the event of a default by Osprey Initiatives Limited.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

20. Leasing Commitments

At 31 March 2022, the Group and Association had annual commitments under non-cancellable operating leases as detailed below:

Group & Association	Plant & Machinery	
	2022	2021
	£	£
Amounts due:		
Within one year	24,307	24,190
Within two to five years	44,431	52,061
After five years	-	-
	68,738	76,251

21. Share Capital

Group	2022	2021
Shares of £1 each, issued and fully paid:		
At 1 April	30	30
Acquired through Business Combination	24	-
Issued during year	-	-
Cancelled during year	(19)	-
At 31 March	35	30
 Association	 2022	 2021
Shares of £1 each, issued and fully paid:		
At 1 April	-	-
Acquired through Business Combination	54	-
Issued during year	-	-
Cancelled during year	(19)	-
At 31 March	35	-

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

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

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

21. Share Capital – continued

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

£31 of shares were acquired by OHL, of which £1 related to its own share in OHM - therefore £30 of shares were acquired. The other £24 acquired on business combination relates to Aberdeen Soroptimist Housing Society. See note 25 for full details.

22. General Reserve

Group	2022	2021
	£	£
Opening Balance	18,557,684	16,190,074
Surplus for the year	2,845,844	2,312,610
Actuarial gains on pension scheme	396,000	423,000
Transfer to Pension Reserve	(270,000)	(368,000)
Total General Reserve	<u>21,529,528</u>	<u>18,557,684</u>

Association	2022	2021
	£	£
Opening Balance	11,177,692	9,883,672
Surplus for the year	17,829,823	1,219,020
Actuarial gains on pension scheme	396,000	493,000
Transfer to Pension Reserve	(189,000)	(418,000)
Total General Reserve	<u>29,214,515</u>	<u>11,177,692</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

23. Pension Reserves

	2022	2021
Group	£	£
Opening Balance	(486,000)	(854,000)
Transfer from General Reserve	270,000	368,000
Total General Reserve	(216,000)	(486,000)

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

	2022	2021
Association	£	£
Opening Balance	(405,000)	(823,000)
Transfer from General Reserve	189,000	418,000
Total General Reserve	(216,000)	(405,000)

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

24. Pension Fund

The Association and the Group operates two defined benefit schemes for its employees: the North East Scotland Pension Fund and the Scottish Housing Associations' Pension Scheme.

North East Scotland Pension Fund

Osprey Housing Limited 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 employer's contributions to the LGPS by the RSL for the year ended 31 March 2022 were £169,000 (2021: £167,000) at a contribution rate of 22.6% of pensionable salaries. The employer's contribution rate for the year ending 31 March 2023 has been set at 37.6%. The employer's contributions for the year ended 31 March 2023 are estimated to be £169,000.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

24. Pension Fund - continued

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

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

	2022	2021
	%	%
Price increases (CPI)	3.30	2.80
Salary increases	3.30	2.80
Pension increases	3.40	2.80
Discount rate	2.80	2.05

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

	2022	2021
	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:

	2022	2021
	Years	Years
Males	23.0	23.1
Females	26.3	26.3

Scottish Housing Association Pension Scheme

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

The scheme was previously operated for the benefit of the employees of Osprey Housing Moray. On 1 April 2021 the defined benefit obligation and plan assets were transferred to Osprey Housing Limited as part of the business combination (see note 25).

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.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

24. Pension Fund - continued

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.

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

For accounting purposes, two actuarial valuations for the scheme were carried out with effective dates of 31 March 2019 and 30 September 2019. The liability figures from each valuation are rolled forward to the relevant accounting dates, if applicable, and are used in conjunction with the Association’s fair share of the Scheme’s total assets to calculate the Association’s net deficit or surplus at the accounting period start and end dates.

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:

	2022	2021
	%	%
RPI	3.90	3.33
CPI	3.30	2.84
Salary increases	3.30	3.84
Discount rate	2.79	2.09

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

	2022	2021
	Years	Years
Males	21.6	21.5
Females	23.9	23.4

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

	2022	2021
	Years	Years
Males	22.9	22.8
Females	25.4	25.0

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

24. Pension Fund - continued

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

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
Current service cost	(305,000)	(222,000)	(305,000)	(222,000)
Net interest on the defined liability pension	(8,000)	(17,000)	(8,000)	(17,000)
Administration expenses	(3,000)	(3,000)	(3,000)	(3,000)
Expenses	(1,000)	(1,000)	(1,000)	-
	<u>(317,000)</u>	<u>(243,000)</u>	<u>(317,000)</u>	<u>(242,000)</u>

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

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
Opening defined benefit obligation	8,965,000	7,100,000	8,175,000	6,422,000
Transfer of SHAPS from Osprey Housing Moray	-	-	790,000	-
Current service cost	305,000	222,000	305,000	222,000
Interest on pension liabilities	183,000	169,000	183,000	153,000
Expenses	1,000	1,000	1,000	-
Member contributions	51,000	50,000	51,000	50,000
Past Service Cost	-	-	-	-
Actuarial (gains) / losses on liabilities	(426,000)	1,552,000	(426,000)	1,435,000
Benefits / transfers	(211,000)	(129,000)	(211,000)	(107,000)
Closing defined benefit obligation	<u>8,868,000</u>	<u>8,965,000</u>	<u>8,868,000</u>	<u>8,175,000</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

24. Pension Fund - continued

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

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
Opening fair value of plan assets	8,479,000	6,246,000	7,770,000	5,599,000
Transfer of SHAPS from Osprey Housing Moray	-	-	709,000	-
Interest on plan assets	175,000	152,000	175,000	136,000
Actuarial (losses) / gains on assets	(30,000)	1,975,000	(30,000)	1,928,000
Administration expenses	(3,000)	(3,000)	(3,000)	(3,000)
Employer contributions	191,000	188,000	191,000	167,000
Member contributions	51,000	50,000	51,000	50,000
Benefits / transfers paid	(211,000)	(129,000)	(211,000)	(107,000)
Closing fair value of plan assets	<u>8,652,000</u>	<u>8,479,000</u>	<u>8,652,000</u>	<u>7,770,000</u>

The actual gain on plan assets was £145,000 (2021: actual gain of £2,037,000) for the Group and £145,000 (2021: actual gain of £1,974,000) for the Association.

The total pension liabilities for this year are:

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
Defined benefit obligations	8,868,000	8,965,000	8,868,000	8,175,000
Fair value of plan assets	<u>(8,652,000)</u>	<u>(8,479,000)</u>	<u>(8,652,000)</u>	<u>(7,770,000)</u>
Net defined benefit pension liabilities	216,000	486,000	216,000	405,000

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

	Group		Association	
	2022	2021	2022	2021
	£	£	£	£
Defined benefit obligations	426,000	(1,552,000)	426,000	(1,435,000)
Fair value of plan assets	<u>(30,000)</u>	<u>1,975,000</u>	<u>(30,000)</u>	<u>1,928,000</u>
Net defined benefit pension liabilities	396,000	423,000	396,000	493,000

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

24. Pension Fund - continued

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

	Group		Association	
	2022	2021	2022	2021
	£'000	£'000	£'000	£'000
Equities	4,749	4,591	4,749	4,591
Gov. bonds	650	389	650	389
Other bonds	-	70	-	70
Property	534	456	534	443
Cash	240	233	240	233
Other	1,776	2,044	1,776	2,044
Absolute return	33	35	33	-
Alternative risk premia	30	28	30	-
Corporate bond fund	46	54	46	-
Currency hedging	(3)	-	(3)	-
Credit relative value	23	20	23	-
Distressed opportunities	26	24	26	-
Emerging markets debt	27	29	27	-
Global equity	143	110	143	-
High yield	7	19	7	-
Infrastructure	45	40	45	-
Insurance - linked securities	15	15	15	-
Liability driven investment	175	171	175	-
Liquid credit	5	12	5	-
Long lease property	21	16	21	-
Net current assets	2	5	2	-
Opportunistic credit	3	19	3	-
Opportunistic illiquid credit	24	18	24	-
Private debt	18	17	18	-
Risk sharing	24	25	24	-
Secured income	39	39	39	-
	8,652	8,479	8,652	7,770

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

25. Business Combination

On 1 April 2021, the assets and liabilities of its subsidiary, Osprey Housing Moray, transferred to Osprey Housing Limited.

At 1 April 2021 (the 'transfer date'), the assets and liabilities of Osprey Housing Moray were consolidated at their fair values, as set out below. The properties were valued on the basis of Existing Use Value for Social Housing (EUV-SH) by Jones Lang LaSalle on 2 December 2020. The excess of the fair value of the assets acquired over the fair value of the liabilities acquired of £15,115,828 has been recognised in the Association Statement of Comprehensive Income.

Osprey Housing Moray	Initial book value	Fair value adjustment	Fair value at date of acquisition
	£	£	£
Housing properties	40,970,973	(18,160,973)	22,810,000
Housing properties under construction	904,451	-	904,451
Other fixed assets	184,801	-	184,801
Intangible fixed assets	18,356	-	18,356
Arrears of rent and service charges	50,780	-	50,780
Amounts due from group undertakings	54,849	-	54,849
Other debtors	198,867	-	198,867
Cash	2,778,121	-	2,778,121
Total assets	45,161,198	(18,160,973)	27,000,225
Housing loans	(11,007,646)	-	(11,007,646)
Deferred capital grant	(26,381,693)	26,381,693	-
Rent received in advance	(112,764)	-	(112,764)
Other taxation and social security	(954)	-	(954)
Trade creditors	(324,359)	-	(324,359)
Other creditors	(184,609)	-	(184,609)
Accruals and deferred income	(173,035)	-	(173,035)
Defined benefit pension liability	(81,000)	-	(81,000)
Share capital	(30)	-	(30)
Total liabilities	(38,266,090)	26,381,693	(11,884,397)
Net assets	6,895,108	8,220,720	15,115,828

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

25. Business Combination - continued

On 1 November 2021, the assets and liabilities of Aberdeen Soroptimist Housing Society transferred to Osprey Housing Limited.

At 1 November 2021 (the 'transfer date'), the assets and liabilities of Aberdeen Soroptimist Housing Society were consolidated at their fair values, as set out below. The properties were valued on the basis of Existing Use Value for Social Housing (EUV-SH) by Jones Lang LaSalle on 21 October 2021. The excess of the fair value of the assets acquired over the fair value of the liabilities acquired of £732,126 has been recognised in the Group and Association Statement of Comprehensive Income.

Aberdeen Soroptimist Housing Society	Initial book value	Fair value adjustment	Fair value at date of acquisition
	£	£	£
Housing properties	477,884	32,116	510,000
Arrears of rent and service charges	40	-	40
Other debtors	7,676	-	7,676
Cash	228,787	-	228,787
Total assets	714,387	32,116	746,503
Deferred capital grants	(367,747)	367,747	-
Rent received in advance	(2,338)	-	(2,338)
Trade creditors	(2,181)	-	(2,181)
Accruals and deferred income	(9,834)	-	(9,834)
Share capital	(24)	-	(24)
Total liabilities	(382,124)	367,747	(14,377)
Net assets	332,263	399,863	732,126

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

25. Business Combination – continued

Association - total

The combined impact of both transfers of engagements is as follows:

	Initial book value	Fair value adjustment	Fair value at date of acquisition
	£	£	£
Housing Properties	41,448,857	(18,128,857)	23,320,000
Housing Properties under construction	904,451	-	904,451
Other Fixed Assets	184,801	-	184,801
Intangible Fixed Assets	18,356	-	18,356
Arrears of rent and service charges	50,820	-	50,820
Amounts due from group undertakings	54,849	-	54,849
Other debtors	206,543	-	206,543
Cash	3,006,908	-	3,006,908
Total assets	45,875,585	(18,128,857)	27,746,728
Housing loans	(11,007,646)	-	(11,007,646)
Deferred capital grant	(26,749,440)	26,749,440	-
Rent received in advance	(115,102)	-	(115,102)
Other taxation and social security	(954)	-	(954)
Trade creditors	(326,540)	-	(326,540)
Other creditors	(184,609)	-	(184,609)
Accruals and deferred income	(182,869)	-	(182,869)
Defined benefit pension liability	(81,000)	-	(81,000)
Share capital	(54)	-	(54)
Total liabilities	(38,648,214)	26,749,440	(11,898,774)
Net assets	7,227,371	8,620,583	15,847,954

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2022

25. Business Combination – continued

Group - total

The combined impact of both transfers of engagements on consolidation is as follows:

	Initial book value	Fair value adjustment	Fair value at date of acquisition
	£	£	£
Housing properties	477,884	32,116	510,000
Arrears of rent and service charges	40	-	40
Other debtors	7,676	-	7,676
Cash	228,787	-	228,787
Total assets	714,387	32,116	746,503
Deferred capital grants	(367,747)	367,747	-
Rent received in advance	(2,338)	-	(2,338)
Trade creditors	(2,181)	-	(2,181)
Accruals and deferred income	(9,834)	-	(9,834)
Share capital	(24)	-	(24)
Total liabilities	(382,124)	367,747	(14,377)
Net assets	332,263	399,863	732,126

26. Related Party Transactions

Osprey Housing Limited recharged £215,635 (2021: £171,528) of expenses relating to Osprey Initiatives Limited and £414,681 (2021: £350,690) in relation to the lease of housing stock on operating leases.

Osprey Initiatives incurred expenditure of £696 (2021: £926) on behalf of Osprey Housing Limited.

The balance due from Osprey Initiatives at the year-end was £2,952 (2021: £896) and the balance due to Osprey Initiatives at the year-end was £546 (2021: £1,376).

27. Members' Guarantee

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

Full Members at 31 March 2022 totalled 13 (2021: 9), each guaranteeing a maximum £1 in the event of a winding up of the Association.