

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

CONSOLIDATED
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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 2019

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Registration Particulars:

Company Number	SC198586
Charity Number	SC029461
RSL Number	312

OSPREY HOUSING LIMITED
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OFFICERS AND PROFESSIONAL ADVISERS

31 MARCH 2019

Osprey Housing Limited Board of Directors

William Chapman, Chair
Michael Scott, Vice Chair
Stuart Robertson
Robert Hepburn
Hazel L. Smith
Brian A. Topping
Jonathan Young
Catherine Darbyshire (Resigned 19.09.2018)
Marian Reid (Appointed 30.05.2018)
Douglas Bodie

Osprey Housing Moray Committee of Management

Leslie Allan, Chair
Brian Watson, Vice Chair (from 20.02.2019)
Patsy Gowans (Resigned 20.02.2019)
Robert Hepburn
Hazel L. Smith
Michael Scott
William Chapman
Brian A. Topping
Michael McLafferty (Resigned 20.02.2019)
James Milne (Appointed 20.02.2019)

Osprey Initiatives Board of Directors

Stuart Robertson, Chair
Douglas Bodie, Vice Chair
Robert Hepburn
Catherine Darbyshire
Leslie Allan (Appointed 07.11.2018)
Glenn Adcock
Gary Walker

Executive Officers

Glenn Adcock, Chief Executive
Gary Walker, Chief Finance Officer

Registered Office

13 Queens Road
Aberdeen
AB15 4YL

OSPREY HOUSING LIMITED
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OFFICERS AND PROFESSIONAL ADVISERS

31 MARCH 2019
(Continued)

Bankers

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

Bank of Scotland
90 High Street
Elgin
IV30 1BJ

Nationwide
Kings Park Road
Moulton Park
Northampton
NN3 6NW

Company Secretary

Pinsent Masons Secretarial Limited

Solicitors

Pinsent Masons
13 Queens Road
Aberdeen
AB15 4YL

Peterkins
60 Market Place
Inverurie
AB51 3XN

Auditors

RSM UK Audit LLP
Centenary House
69 Wellington Street
Glasgow
G2 6HG

Internal Auditors

Scott Moncrieff
25 Bothwell Street
Glasgow
G2 6NL

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

31 MARCH 2019

The Board present their report and audited financial statements for the year ended 31 March 2019.

Legal structure

Osprey Housing Limited (OHL) was registered in August 1999 under the Companies Act 1999 (now Companies Act 2006) (Company No SC198586). It is governed by its Articles 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). The constitutional partnership is supported by contractual agreements between OHL and OHM and the rules of OHM were amended to allow OHL to acquire a controlling share in OHM.

OHL established a wholly owned trading subsidiary on 4 March 2008, Osprey Initiatives Limited (OIL). The company was formed to undertake potentially non-charitable trading activities and the provision of factoring and clerk of works services to other organisations. More recently, OIL has developed its role and is primarily engaged in the provision of full landlord services on an agency basis. It also manages OHL's Mid Market Rented stock leased to it. OIL has previously acted as a development agent for OHL.

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

Charitable Status

OHL is a registered social landlord and was granted charitable status (Charity No SC029461) with effect from 4 October 1999. OIL is a trading subsidiary limited by shares and considers, with its parent, the treatment of operating surpluses to best affect the Group's Vision & Strategic Objectives. OHM is a Co-operative and Community Benefits Society, regulated by the FCA, and has been a registered social landlord since 2002 and has charitable status.

Principal activity

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

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

31 MARCH 2019

Principal activity (continued)

The table below shows the number of properties owned by OHL at 31 March 2019:

Owned Properties	2019	2018
Tenanted	1041 (1050 tenancies)	1026 (1035 tenancies)
Leased to OIL	77	77
Leased to Third Parties	7	6
Total	1125	1109

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

The partnership with OHM brings a further 512 general housing units, 7 units leased to third parties and 21 standalone garages. Following a review of the Boards strategy in 2016, a Corporate Plan (2017 / 2020) was published.

Governance & Management

The Boards and Executive Officers

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

Board members bring a broad range of skills, experience and strengths to ensure good governance in accordance with expectations of the SHR, tenants and other stakeholders. The skills/knowledge mix of the Board is reviewed on a regular basis. Where gaps are identified members seek to identify individuals from within the existing membership (OHL) and the wider environment to strengthen the range of expertise. New members can be elected subject to satisfactory evaluation and completion of a formal application process that is accepted and approved by the Board.

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

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

Housing - Landlord performance, housing management, tenant engagement and asset management.
Resource & Governance – Risk strategy, External/Internal Audit arrangements, budget review, financial projections, Group governance arrangements and reputational considerations.

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

31 MARCH 2019

The Boards and Executive Officers - continued

Corporate Services – Staffing/HR, ICT, Communication Strategy and full range of corporate activities.

Remuneration – Pay awards and staff remuneration.

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

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

A full training and induction programme is provided to new Governing Body Members and a programme of ongoing training is provided to existing Governing Body Members to ensure that all are equipped to meet their obligations in contributing to the development of future strategy and performance review of the Group.

2018/19 saw the appointment of one new OHL Board member and resignation of one long-standing member. Overall, the Board composition remains relatively stable although a recruitment and succession planning process was started during the year.

A highly experienced and dynamic Chief Executive, Chief Finance Officer and Senior Management Team manage the Group (OHL, OHM & OIL).

Regulation

OHL and OHM are principally regulated by the Scottish Housing Regulator (SHR). OHL and OHM have remained on a low level of engagement, an excellent outcome particularly for OHL, taking account of the continued development programme, subsidiary activities and new initiatives. The SHR conducted a comprehensive review of its approach to regulation during 2018/19 and Osprey's CEO was involved in a sectoral advisory group/sounding board to the SHR during this process.

A key outcome of the review is a requirement to submit annually a new style "Assurance Statement" commencing 2019/20, which in turn will result in a new status category for each RSL in Scotland. In view of this, existing engagement levels remain in place until the new categories are introduced.

Risks and uncertainties

OHL, OIL and OHM have developed a detailed Strategic Risk Matrix highlighting key risks to the Group. This, together with a range of policies and procedures and comprehensive insurances, make up its Risk Management Strategy. The Risk Strategy is reviewed bi-annually by the OHL Board following initial review by the OHM Committee of Management and the three joint committees with delegated authority. A new Risk Management Policy was approved by the Board in February 2019 and strategic risks approved to be scored under the framework of the new policy were agreed in May 2019.

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

31 MARCH 2019

Risks and uncertainties - continued

During 2018/19 OHL and OHM continued to participate in an innovative project relating to Value for Money (VFM). The two entities completed a “VFM scorecard” to assess the relationship between financial health, viability, performance and tenant satisfaction. In addition, the Group introduced for the first time a VFM statement. As anticipated last year VFM and assurance is becoming an increasingly prominent feature of the regulatory environment and the group continues to develop its business awareness in a way that can demonstrate how we monitor the impact of risk analysis and transfer it into business outcomes.

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

31 MARCH 2019

Risks and uncertainties - continued

The Group's key strategic risk matrix is detailed below and was used for monitoring purposes during 2018/19:

Category	Risk	Mitigation
Welfare Reform	Increased debt, reduced cash flow Increased management costs Increased property turnover costs Mismatch between existing stock and requirements Reputation Future changes in government policy	Welfare Reform Strategy Welfare Mitigation working group established Focus on debt management and intervention strategies Cash flow management Optimising use of stock and targeted investment Effective systems, communications and engagement with tenants, stakeholders and media Continually monitoring changes in economy/political landscape Regulation/legislation – Annual SWOT analysis
Financial Viability	Poor financial planning Income deficit leading to insolvency Costs exceed budget/significant unplanned costs Risk analysis failures Pension	Business Planning, Financial Forecasting and Sensitivity Analysis independently scrutinised Effective budgeting, Cash flow management and Procurement New business evaluation feasibility assessments Pension Strategy
Asset Management	Poor performance of Charter Indicators Quality/compliance failures Poor quality voids/increasing void costs Stakeholder interventions Reputational failures Extreme weather incidents New Build Development	Asset Management Strategy Performance Management, Policy Review/compliance register External verification Void policy KPI's, process reviews and scrutiny Housing management/proactive intervention External validation/PR Strategy & media engagement Business continuity planning Detailed pre development appraisal process

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

31 MARCH 2019

Risks and uncertainties – continued
Key strategic risks - continued

Category	Risk	Mitigation
Housing Management	Poor performance of Charter indicators.	KPI's, process reviews and scrutiny
	Quality failures/Tenant dissatisfaction	Performance Management and Policy Review
	Increasing management costs	Tenant feedback systems
	Stakeholder interventions	Strategic/Operational Actions/Efficiencies
Governance	Reputation	Partnership /Alliances/Stakeholder relationship management
	Development	Benchmarking/communications strategy
	Service failures arising from ineffectual Governing Body	Detailed pre-development appraisal process.
	Strategy failures	Effective reporting/Access to Information
Corporate failures	Control failures	Board Development Planning – Appraisals, Training, etc.
	Reputational failures	Strategic Planning
	Relationship failures	Clearly defined Roles & Responsibilities
	HR matters	Managed response/Board development plan
Systems	Fraud & Corruption	Code of Conduct
	Operating outside legal framework/compliance failures	HR Policies and Procedures
	Staff resilience/Resourcing	Accreditation - IIP/Healthy Working Lives
		Training & Investment
		Business Continuity/ICT investment/Home working
		Health & Safety
		Internal and External Audit/Tenancy conditions/Legislation
		Articles/Rules
		Continual resilience workload review/Training/Investment

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

31 MARCH 2019

Risks and uncertainties - continued

Each strategic risk is broken down into core subsections with assigned ownership and mitigation strategies. The Governing Bodies last reviewed this risk matrix in Q4 2018/19 and the OHL Board is assured that its mitigation strategies are operating effectively.

However, at its meeting in Q4 2018/19 the Board considered and approved a new Risk Management Policy with a revised matrix to be considered in 2019/20.

The OHL Board receive regular reports from management and from the external and internal auditors, to provide reasonable assurance that specific control procedures are in place and are being followed. Major risks are clearly identified. The risks are presented together with evaluation and action planning required to manage the risks.

Corporate Vision, Mission, Values and Ambitions

The Group's Corporate Plan (2017/2020) sets out our Vision, Mission & Ambitions as follows

Vision:

“Making a difference every day”

Mission:

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

Core Values:

AMBITION – empowering through innovation and challenge.

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

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

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

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

31 MARCH 2019

Corporate Vision, Mission, Values and Ambition - continued

During 2018/19, the Osprey Housing Group worked to the following six Strategic Ambitions:

Ambition 1 - Strengthening Our Financial Viability

Focus on costs and value for money – for ourselves and our tenants.

Manage and mitigate the risks arising from Welfare Reform & implementation of Universal Credit.

Ensure that our pension arrangements are affordable.

Remain vigilant in relation to borrowing covenants.

Ensure that new developments are affordable for tenants and the Group.

Ensure effective business planning and that assumptions are both realistic and prudent.

Maintain and improve our relations with existing and future funders.

Ambition 2 - Meeting our Customers Priorities

Improve the accessibility of our services.

Learn more about the needs and aspirations of our customers.

Review our service offer and service standards to customers.

Provide more opportunities for customers to challenge, influence, shape and monitor our services.

Ambition 3 - Continually improving how we deliver our Services

Effective and meaningful benchmarking.

Review and develop effective tenant satisfaction measures.

Improve internal management information and reporting mechanisms.

Spot checking standard procedures / documents to ensure compliance.

Create a performance improvement plan incorporating feedback from validation visits, ARC outcomes and tenant scrutiny outcomes.

Ambition 4 - Ensuring long term sustainability of our Assets

Take an Asset led approach to the long term use of stock.

Develop and implement life cycle costing plans based on detailed and up to date knowledge of the stock.

Ensure that funding is available for capital investment to maintain and improve stock over the period of the Plan and beyond.

Ensure that sufficient resources are available for the ongoing servicing and repair of stock to ensure compliance with legislative and regulatory standards and meet the expectations of our tenants.

Ensure that stock continues to be fit for purpose and take action in respect of stock that no longer fulfils its original purpose.

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

31 MARCH 2019

Corporate Vision, Mission, Values and Ambition - continued

Ambition 5 - Supporting the Development and Management of New Affordable Housing

Develop 250 (Osprey Housing) and 100 (Osprey Housing Moray) affordable homes over the period 2015/16 to 2019/20.

Ensure that all new developments are rigorously tested against pre-determined criteria prior to final governing body approval.

Work with strategic and other partners to encourage the delivery of a range of affordable housing through for example the NHT initiative, the Local Affordable Rent Housing Trust (LAR) and low cost / shared ownership models.

Participate in the Strategic Planning arrangements and delivery mechanisms led by local authority partners.

Provision of high quality tenure and management services to other landlords including other registered social landlords and others.

Ambition 6 - Continually Invest in and Develop our People

Identify and implement a Training Plan to ensure that the requirements of the Group and aspirations of staff and governing body members are met.

Achieve IIP Gold accreditation by 2020.

Recruit, retain and develop staff and governing body members for the future.

Ensure that staff and governing bodies have the right tools for the job.

Each of these ambitions is supported by a set of guiding principles and a detailed Implementation Plan.

Overview of Activities and Performance

The Osprey Group has been constantly reviewing its activities, internal operations and approach to service delivery during 2018/19. We strive to achieve continuous improvement with a view to:

- Improving our service to customers
- Engaging with tenants and our overall customer base in the best possible way
- Improving our performance
- Improving tenant and staff satisfaction
- Working more effectively with partners and stakeholders
- Maximising our effectiveness

In the past year, the Osprey Housing Group has monitored its performance targets detailed in its Internal Management Plans (IMPs). In addition, the Group engaged with the Osprey Tenants and Residents Association (OTRA) and continued to participate in Tenant Scrutiny activities.

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

31 MARCH 2019

Overview of Activities and Performance - continued

The OHL Board was pleased with performance during the year. Good performance in respect of most Key Performance Indicators (KPI's) was achieved despite a challenging operational and economic environment.

Overall, financial targets were exceeded. OHL and the Group returned a healthy surplus. Following a detailed review, budgets and 30-year projections have been reviewed for future years subject to final consideration by the Board in Quarter 1 of 2019-20.

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

The OHL Board monitors corporate performance in terms of finance, operations, business services and asset management. A range of financial and non-financial ratios and indicators are produced on a quarterly basis to monitor how the organisation is performing. More importantly, this process is used to initiate corrective action in underperforming areas. In addition, monthly operational performance indicators are produced for the OHM Committee of Management. Performance across the Group is constantly monitored and acted upon by the Senior Management Team.

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

31 MARCH 2019

Overview of Activities and Performance - continued

Performance against Key Performance Indicators (Core Business) is set out below together with the Committee's targets for 2019/20:

KPI OHL	Target 2018/2019	Actual 2018/2019	Target 2019/2020
Current rent arrears	3.0%	3.1%	3.2%
Former rent arrears	0.7%	1.2%	0.8%
Void loss	0.6%	0.4%	0.5%
Void performance	15 working days	14 working days	14 working days
Board & Committee attendance	80%	82%	80%
Staff attendance	98%	98%	98%

KPI OHM	Target 2018/2019	Actual 2018/2019	Target 2019/2020
Current rent arrears	2.8%	2.9%	3.0%
Former rent arrears	0.7%	0.9%	0.8%
Void loss	0.6%	0.5%	0.5%
Void performance	18 working days	18 working days	16 working days
Board & Committee attendance	80%	84%	80%
Staff attendance	98%	99%	98%

Osprey's housing stock is compliant with Scottish Housing Quality Standards (with 1 unit in abeyance). A fully funded programme to deliver Energy Efficiency in Scottish Social Housing (ESSH) requirements is underway and on target to meet compliance requirements by 2020. Improved fire safety will remain a focus for 2019/20 and beyond.

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

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

OHL and the wider Group continues to work with local authorities, developers and other stakeholders at both strategic and operational levels. We seek to achieve greater efficiencies and provide scope to expand the range of services to tenants. In this context, use of IT and provision of digital services is now a key focus.

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

31 MARCH 2019

Overview of Activities and Performance - continued

The Group has continued to improve its financial performance during the past year. Continued improvement in reserves remained a priority for OHL. The Internal Management Plan targets for the achievement of certain reserve levels in relation to operating expenses have been met.

Group turnover for the year increased to £10.0m (2018: £9.2m), whilst operating costs for the year increased to £6.2m (2018: £5.8m), resulting in a Group operating surplus of £3.8m (2018: £3.4m). The net comprehensive income after an actuarial loss of £29k (2018: gain of £510k) was £1.7m (2018: £1.9m). This resulted in an increase in net group assets to £12.7m from £11.0m in 2018.

Provision of New Affordable Housing

The Osprey Housing Group continues to meet its ambitions to expand its role in the provision of social and affordable housing. It is also committed to working in partnership with others to achieve its development goals.

The success and accelerated nature of our Group Development programme over the last two and a half years is supported by the completion during 2018/19 of another three projects providing a total of 23 homes. A further two projects providing a further 23 units in Peterhead were substantially completed at the year end.

Both OHL and OHM were affected by the Developer building the Peterhead projects going into administration in July 2018. However, the Board is pleased to report this was successfully managed, with the projects completed in late April 2019. Achieving substantial completion of the projects by the end of the financial year was a significant accomplishment allowing for the complexity and difficulties that needed to be resolved.

A further two developments, both under the ownership of OHM, are currently on site. The Stonehaven development that was delayed due to a planning appeal started on site towards the end of the financial year and will provide a further 43 homes. A small development of 6 homes in Buckie also commenced on site.

In view of the success of the Development Programme, the OHL Board and OHM Committee of Management took a strategic decision to continue to develop. The decision was based on a future build programme of up to 50 homes per year across the Group subject to continuing Scottish Government grant funding at current levels. This will however be reviewed at least annually inclusive of risk assessment.

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

31 MARCH 2019

Provision of New Affordable Housing - continued

New developments continue to be delivered through Section 75 Agreements with a number of key developers and the Governing Bodies are delighted to be playing a significant role in assisting the Scottish Government achieve its planned delivery of 50,000 new affordable homes. OHL has played an important role in providing new homes in designated “high pressure” towns of Inverurie and Peterhead. OHL is now focussing on meeting needs in smaller rural communities where modest developments can have an equal or sometimes greater impact. This is evidenced by OHL completing 5 homes in the village of Monymusk and targeting other modest development opportunities in Aberdeenshire. Rural housing provision is a key strategic consideration for Aberdeenshire Council.

To date, the Group has committed over £14.2m of resources into supporting development activity and is fully utilising the facilities secured from the Lloyds Banking Group to fund these projects.

The changing housing market conditions in the Aberdeen Housing Market Area requires constant monitoring and assessment. The Board of OHL took a strategic decision during 2018/19 to restrict provision of any new Mid-Market rented (MMR) homes after those in the Stonehaven development are completed. The Board will only consider future provision of this tenure on an exceptional basis. This is largely a result of the narrowing of rental levels between the Private Rented Sector and MMR homes.

In addition to direct provision of new affordable housing the Group, through Osprey Initiatives, continues to provide managing agency services to the Aberdeen based National Housing Trust LLP’s and other landlords. In view of the decision relating to future provision of MMR homes the Board of OHL is currently reviewing the potential for further business development and business streams taking into account increasing legislative and regulatory demands being placed on the Private Rented Sector (PRS).

During 2018/19, the OHL Board along with the OHM Committee of Management started the process of examining the merits of a potential transfer of engagements of OHM to OHL as a final step in creating a single landlord identity. The overriding objectives of doing so are to further improve the Group’s financial strength, further increase efficiencies and help deliver improvements in services to tenants. This evaluation will continue during 2019/20.

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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)
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Treasury Management

The OHL Board considers that the Group, as a matter of policy, does not enter into transactions of a speculative nature. At 31 March 2019, the Group had an appropriate mix of fixed and variable rate finance. The banking facility provided by Lloyds Banking Group, revised with effect from 1st April 2010, was further revised on 5th January 2016 securing a facility of £30.9m. £22m has a fixed interest rate for the duration of the loan with a built in increase of 0.7% from 1st April 2018, £1.1m has a variable interest rate linked to 3 month LIBOR plus agreed margin and £7.5m has been secured via a 5 year Revolving Credit Facility with an interest rate linked to 3 month LIBOR plus agreed margin. OHM has a facility of £10.4m with the Nationwide Building Society, which was confirmed and reapproved as part of the constitutional partnership with OHL. OHM also has a Revolving Credit Facility of £5m with the Lloyds Banking Group via Bank of Scotland to fund its development ambitions.

Going Concern

After reviewing detailed cash flow and business plan projections, taking account of bank facilities, and making such enquiries, as they consider appropriate, the OHL Board is satisfied the Group has adequate resources to continue to operate for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

Maintenance Policies

The Osprey Housing Group is committed to maintaining its properties to the highest possible standard it can within its financial and operating model. The maintenance policies of the Group encompass reactive, cyclical and planned maintenance. Contractors carrying out maintenance on behalf of OHL and OHM have been subject to a rigorous procurement and selection process. Procurement is undertaken in accordance with the new Group wide Procurement Strategy, which was drawn up during 2017/18 to ensure compliance with new legislation.

The Group Asset Management Strategy was reviewed during 2018/19 and a stock survey undertaken for revaluation purposes. OHL will take a robust, value led approach to investment in its stock taking account of a range of technical, cost, quality and demographic factors. In the meantime, the Board is satisfied that its short, medium and long term forecasts are realistic and provide assurance that compliance with the current Energy Efficiency Standard for Social Housing (EESSH) and its own Affordable Warmth Strategy will be achieved. The Board will however, need to monitor the potential impact preliminary proposals for EESSH 2 and ECO3 both of which could have a significant expenditure impact on Housing Associations if made a statutory requirement.

The cost of revenue repairs and improvements will be charged to the Statement of Comprehensive Income. In line with SORP 2014, replacements of components will be capitalised as they occur. Improvements will also be capitalised if they result in an enhancement of economic benefits to the property.

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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)
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31 MARCH 2019

Employees Involvement

The Group's ambitions include a commitment to "Continually Invest in and Develop our People". In addition to the aims, relating to recruitment, training and retention of staff the Board recognises the importance of employee involvement. To this end, the Board encourages engagement in all major initiatives and holds Strategy Events; training and briefings with external and internal facilitators. At appropriate events, staff have the opportunity to review performance with Governing Body members and tenants and to discuss and agree strategic objectives. The Group holds regular staff meetings to monitor performance against agreed objectives and has a Colleague Council/ Healthy Working Lives Group where a range of staff related issues are discussed. One such initiative embraced following staff engagement in the year was undertaking a "Care, Connect, and Complete" programme to underpin a process of attaining Customer Service Excellence accreditation.

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 group 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.

Information & Communication Technology

The Group continues to invest in ICT. It is improving digital service provision to bring about meaningful access and delivery options for customers. In turn, this will allow for targeting of resources and continued improvement in efficiencies and business intelligence. A new Digital Strategy was drafted in the last quarter of the year and is currently being finalised. A successful procurement process for new suppliers was undertaken during 2018/19 and new hardware introduced to help front line actions and communications.

The Tenant Scrutiny Process on communications was continued into 2018/19 to give further focus and outcomes relating to tenant communications.

Significant preparations were made to ensure compliance with the new GDPR legislation introduced during 2018/19 and the Board are assured of our compliance with this.

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31 MARCH 2019

SHAPS pension scheme

The SHAPS pension scheme had previously been treated as a defined contribution scheme in line with FRS 102 with a liability of £60,034 recognised as at 31 March 2018 based on the Net Present Value of the past service deficit funding agreement. Due to recent developments, as at 1 April 2018, the share of assets and liabilities per employer is now available such that the scheme can now be accounted for on a defined benefit basis. Further detail in relation to this change in accounting is included in the accounting policy on page 45 and Note 24 to the financial statements.

The new defined benefit liability as at 1 April 2018 is £73,000, resulting in a remeasurement through other comprehensive income of £12,966. The new defined benefit liability as at 31 March 2019 is £69,000. This has therefore resulted in a decrease in the liability at 31 March of £4,000.

The value of the SHAPS pension scheme obligation is not deemed to be significant to the financial position of the Group.

Revenue Reserve

After reviewing day to day working capital requirements, the Board set the Group a target to ensure that it maintains free reserves of at least an amount which would allow the Group to meet its operating costs for approximately six months. At 31 March 2019, six months operating costs equate to approximately £3.1m including all repairs. This target has been met in the current financial year. Undesignated revenue reserves at 31 March 2019 are £13.9m (2018: £12.1m).

Changes in Fixed Assets

Changes in fixed assets are set out in note 10.

Rent Policy

The Board has taken significant steps to minimise rent increases and were pleased to be able to ensure that for the fourth successive year the rent increase for OHL tenants (and across the Group) was minimised. Rent and service charge affordability will continue to be critical to the well being of both tenants and the Group and regular testing will feature in the Board's plans into the future.

The new form of rent consultation was continued during 2018/19 providing tenants with the opportunity for more detailed involvement in the rent setting process.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

31 MARCH 2019

Rent Policy - continued

Rents for new housing developments are set by the Housing Association Grant (HAG) grant framework as agreed with the Scottish Government.

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

The plan to commence a fundamental review of existing rent structures across the Group in 2017/18 remains deferred pending the outcome of the OHL/OHM transfer of engagements evaluation.

Credit Payment Policy

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

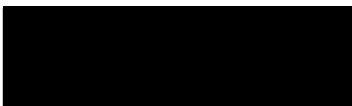
Statement as to Disclosure of Information to Auditors

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

Appointment of auditors

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

By order of the Board



Michael Scott
Vice Chair

Date: 28 August 2019

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF BOARD RESPONSIBILITIES

31 MARCH 2019

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

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

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

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

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

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

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

BOARD'S STATEMENT ON INTERNAL FINANCIAL CONTROL

31 MARCH 2019

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

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

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

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

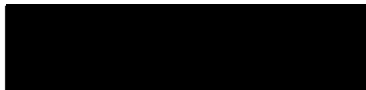
OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

BOARD'S STATEMENT ON INTERNAL FINANCIAL CONTROL
(Continued)

31 MARCH 2019

The Board has reviewed the system of internal financial control in the Group during the year ended 31 March 2019. 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
Vice Chair

Date: 28 August 2019

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

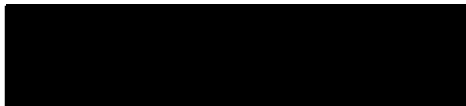
In addition to our audit of the Financial Statements, we have reviewed your statement on Pages 23 to 24 concerning the Housing Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory 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 23 to 24 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
Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date: 30/3/19

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

Opinion

We have audited the financial statements of Osprey Housing Limited (the 'Association') and its subsidiaries (the 'Group') for the year ended 31 March 2019 which comprise the Group and Association statements of comprehensive income, statements of financial position, statements of changes in reserves, statements of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

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

Basis for opinion

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

Conclusions relating to going concern

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

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

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board is responsible for the other information. Our opinion on the financial statements does not cover the other information and,

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

Other information - continued

except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

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

Matters on which we are required to report by exception

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

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

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

Responsibilities of the Board

As explained more fully in the Board's responsibilities statement set out on page 22, 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.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

Auditor's responsibilities for the audit of the financial statements

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

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

Use of our report

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



KELLY ADAMS (Senior Statutory Auditor)
For and on behalf of RSM UK AUDIT LLP
Chartered Accountants
Centenary House
69 Wellington Street
Glasgow
G2 6HG

Date: 30/8/15

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF COMPREHENSIVE INCOME – GROUP

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Year ended 31 March 2019	Year ended 31 March 2018
		£	£
Turnover	2a	9,992,592	9,235,941
Less: Operating Costs	2a	(6,276,453)	(5,872,264)
Operating Surplus	2a	3,716,139	3,363,677
(Loss) on disposal of Property		(16,534)	(46,254)
Interest receivable and other income		6,548	3,223
Interest payable and similar charges	5	(2,007,314)	(1,952,964)
Surplus before taxation	6	1,698,839	1,367,682
Taxation	8	12,475	(12,475)
Surplus for the year		1,711,314	1,355,207
Initial recognition of multi-employer defined benefit scheme - SHAPS	24	(12,966)	-
Actuarial (loss)/gain on pension schemes	24	(40,000)	510,000
Total Comprehensive Income for the year		1,658,348	1,865,207

The results relate wholly to continuing activities.

The accompanying notes on pages 37 to 79 form part of these financial statements.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF COMPREHENSIVE INCOME – ASSOCIATION

FOR THE YEAR ENDED 31 MARCH 2019

	Notes	Year ended 31 March 2019	Year ended 31 March 2018
		£	£
Turnover	2b	6,947,828	6,433,839
Less: Operating Costs	2b	(4,149,131)	(4,045,592)
Operating Surplus	2b	2,798,697	2,388,247
Surplus/(Loss) on disposal of Property		1,274	(13,935)
Interest receivable and other income		-	-
Interest payable and similar charges	5	(1,659,485)	(1,610,131)
Surplus for the year	6	1,140,486	764,181
Actuarial (loss)/gain on pension scheme	24	(29,000)	510,000
Total Comprehensive Income for the year		1,111,486	1,274,181

The results relate wholly to continuing activities.

The accompanying notes on pages 37 to 79 form part of these financial statements.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION – GROUP AS AT 31 MARCH 2019
Company Number: SC198586

	Notes	31 March 2019 £	31 March 2018 £
Intangible Fixed Assets	9	127,546	148,848
Tangible Fixed Assets			
Housing Properties	10a	125,980,406	121,423,798
Other Fixed Assets	10d	1,075,257	1,311,760
		<u>127,055,663</u>	<u>122,735,558</u>
Current Assets			
Debtors	12	822,814	408,941
Cash at bank and in hand		7,238,139	6,784,976
		<u>8,060,953</u>	<u>7,193,917</u>
Creditors: amounts falling due within one year	13	<u>(5,278,261)</u>	<u>(5,329,874)</u>
Net current assets		<u>2,782,692</u>	<u>1,864,043</u>
Total assets less current liabilities		129,965,901	124,748,449
Creditors: amounts falling due after more than one year	14	(116,024,812)	(112,605,665)
Pension Provision		-	(60,034)
Net assets excluding pension liabilities		13,941,089	12,082,750
Defined benefit pension liabilities	24	<u>(1,233,000)</u>	<u>(1,033,000)</u>
Net Assets including pension liabilities		<u>12,708,089</u>	<u>11,049,750</u>
Capital and Reserves			
Share Capital	21	33	42
General Reserve	22	13,941,056	12,082,708
Pension Reserve	23	<u>(1,233,000)</u>	<u>(1,033,000)</u>
		<u>12,708,089</u>	<u>11,049,750</u>

These financial statements on pages 37 to 79 were approved by the Board and authorised for issue on 28 August 2019 and signed on their behalf by:

Board Member



Michael Scott

Board Member



Robert Hepburn

Board Member





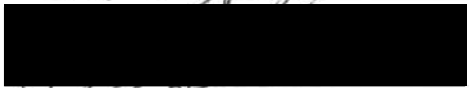
Stuart Robertson

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION – ASSOCIATION AS AT 31 MARCH 2019
Company Number: SC198586

	Notes	31 March 2019 £	31 March 2018 £
Intangible Fixed Assets	9	91,784	106,562
Tangible Fixed Assets			
Housing Properties	10b	86,888,734	86,589,485
Other Fixed Assets	10e	873,635	889,069
		<u>87,762,369</u>	<u>87,478,554</u>
Fixed Asset Investments			
Investments	11	101	101
Current Assets			
Debtors	12	372,410	318,526
Cash at bank and in hand		4,229,038	3,462,042
		<u>4,601,448</u>	<u>3,780,568</u>
Creditors: amounts falling due within one year	13	<u>(3,034,195)</u>	<u>(2,807,376)</u>
Net current assets		<u>1,567,253</u>	<u>973,192</u>
Total assets less current liabilities		89,421,507	88,558,409
Creditors: amounts falling due after more than one year	14	(80,887,257)	(81,266,645)
Net assets excluding pension liability		8,534,250	7,291,764
Defined Benefit pension (liability)	24	<u>(1,164,000)</u>	<u>(1,033,000)</u>
Net Assets including pension (liability)		<u>7,370,250</u>	<u>6,258,764</u>
Capital and Reserves			
General Reserve	22	8,534,250	7,291,764
Pension Reserve	23	<u>(1,164,000)</u>	<u>(1,033,000)</u>
		<u>7,370,250</u>	<u>6,258,764</u>

These financial statements on pages 37 to 79 were approved by the Board and authorised for issue on 28 August 2019 and signed on their behalf by:

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

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF CHANGES IN RESERVES - GROUP

FOR THE YEAR ENDED 31 MARCH 2019

	Share Capital	Income and expenditure reserve	Pension Reserve	Total
	£	£	£	£
Balance at 1 April 2017	49	10,616,501	(1,432,000)	9,184,550
Surplus for the year	-	1,355,207	-	1,355,207
Actuarial (loss) on pension schemes	-	510,000	-	510,000
Transfer (to)/from pension reserve	-	(399,000)	399,000	-
Share capital issued	1	-	-	1
Share capital cancelled	(8)	-	-	(8)
Balance as at 31 March 2018	42	12,082,708	(1,033,000)	11,049,750
Surplus for the year	-	1,711,314	-	1,711,314
Initial recognition of pension scheme liability - SHAPS	-	(12,966)	-	(12,966)
Actuarial (loss) on pension schemes	-	(40,000)	-	(40,000)
Transfer from/(to) pension reserve	-	200,000	(200,000)	-
Share capital cancelled	(9)	-	-	(9)
Balance at 31 March 2019	33	13,941,056	(1,233,000)	12,708,089

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF CHANGES IN RESERVES - ASSOCIATION

FOR THE YEAR ENDED 31 MARCH 2019

	Income and expenditure reserve £	Pension Reserve £	Total £
Balance at 1 April 2017	6,416,583	(1,432,000)	4,984,583
Surplus for the year	764,181	-	764,181
Actuarial gain on pension scheme	510,000	-	510,000
Transfer (to)/from pension reserve	(399,000)	399,000	-
Balance as at 31 March 2018	7,291,764	(1,033,000)	6,258,764
Surplus for the year	1,140,486	-	1,140,486
Actuarial (loss) on pension scheme	(29,000)	-	(29,000)
Transfer from/(to) pension reserve	131,000	(131,000)	-
Balance at 31 March 2019	8,534,250	(1,164,000)	7,370,250

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF CASHFLOWS - GROUP

YEAR TO 31 MARCH 2019

	Notes	2019 £	2018 £
Net cash generated from operating activities	17	4,182,765	5,791,166
Income taxes paid		(12,475)	(15,862)
NET CASH FROM OPERATING ACTIVITIES		4,170,290	5,775,304
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(6,469,899)	(11,960,762)
Purchase of intangible fixed assets		(10,858)	-
Proceeds from sale of tangible fixed assets		75,309	21,275
Grants received		4,025,716	5,819,562
Interest received		6,548	3,223
NET CASH (USED IN) INVESTING ACTIVITIES		(2,373,184)	(6,116,702)
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(1,973,076)	(1,947,602)
New secured loans		1,000,000	5,500,000
Repayments of borrowings		(370,867)	(409,835)
NET CASH FROM FINANCING ACTIVITIES		(1,343,943)	3,142,563
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		453,163	2,801,165
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		6,784,976	3,983,811
CASH AND CASH EQUIVALENTS AT END OF YEAR		7,238,139	6,784,976
 Relating to:			
Bank balances and short term deposits included in cash at bank and in hand		7,238,139	6,784,976
Overdrafts included in "creditors: amounts falling due within one year"		-	-
		7,238,139	6,784,976

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF CASHFLOWS - ASSOCIATION

YEAR TO 31 MARCH 2019

	Notes	2019 £	2018 £
Net cash generated from operating activities	17	3,552,686	3,827,585
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(1,630,648)	(8,259,093)
Purchase of intangible fixed assets		(8,056)	-
Proceeds from sale of tangible fixed assets		75,310	-
Grants received		470,951	3,229,641
Interest received		-	-
NET CASH (USED IN) INVESTING ACTIVITIES		<u>(1,092,443)</u>	<u>(5,029,452)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(1,625,247)	(1,604,769)
New secured loans		-	4,500,000
Repayments of borrowings		(68,000)	(68,000)
NET CASH FROM FINANCING ACTIVITIES		<u>(1,693,247)</u>	<u>2,827,231</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		<u>766,996</u>	<u>1,625,364</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>3,462,042</u>	<u>1,836,678</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>4,229,038</u>	<u>3,462,042</u>
 Relating to:			
Bank balances and short term deposits included in cash at bank and in hand		4,229,038	3,462,062
Overdrafts included in "creditors: amounts falling due within one year"		-	-
		<u>4,229,038</u>	<u>3,462,042</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019

1. Accounting Policies

The Association is a private company limited by guarantee registered in Scotland under the Companies Act 2006 (registered number SC198586) and is registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010 (registered number 312). The address of the Association's registered office and principal place of business is 13 Queens Road, Aberdeen, AB15 4YL. The Association's principal activities and the nature of the Association's operations are detailed in the Report of the Board.

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

(a) Introduction and accounting basis

These financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102"), the Housing SORP 2014 "Statement of Recommended Practice for Registered Housing Providers" and they comply with the Determination of Accounting Requirements 2019, and under the historical cost convention.

The financial statements are prepared in Sterling (£).

(b) Critical Accounting Estimates and Areas of Judgement

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

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

Critical accounting estimates

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the asset management projections and reactive repairs expenditure and obligations under the defined benefit pension schemes.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019

1. Accounting Policies (continued)

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

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

Management's estimate of the SHAPS defined benefit obligation is based on a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. Variation in these assumptions may significantly impact the liability and the annual defined benefit expenses (as analysed in Note 24). The net defined benefit pension liability at 31 March 2019 was £69,000.

(c) Going Concern

After reviewing detailed cash flow and Business Plan projections, taking account of bank facilities, and making such enquiries as they consider appropriate, the Board are satisfied the Group has adequate resources to continue to operate for the foreseeable future. For this reason, it continues to adopt the going concern basis in preparing the financial statements.

(d) Consolidation

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

(e) Turnover

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

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

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

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019

1. Accounting Policies (continued)

(f) Service Charges

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

(g) Intangible Fixed Assets (note 9)

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

IT Software 10% - 25% per annum straight line

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

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

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

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

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

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

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

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019

1. Accounting Policies (continued)

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

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

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

Works to existing properties which fail to meet the above criteria are charged to the 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 2014.

(i) Depreciation – Housing Properties

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

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

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019

1. Accounting Policies (continued)

(j) Depreciation – Other Fixed Assets

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

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

(k) Development Administration Costs

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

(l) 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.

(m) 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.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019

1. Accounting Policies (continued)

(n) 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.

(o) 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.

(p) Operating Leases

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

(q) Value Added Tax

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

(r) Deposits and Liquid Resources

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

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2019

1. Accounting Policies (continued)

(s) Investments

Investments are stated at cost.

(t) 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.

(u) 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.

(v) Financial Instruments

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

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

Financial assets

Debtors

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

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2019

1. Accounting Policies (continued)

(v) 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.

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 2019

1. Accounting Policies (continued)

(w) Pensions

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

The expected cost of providing staff pensions is recognised in the Income and Expenditure account, on a systematic basis over the expected average lives of the members of the pension fund, in accordance with the Financial Reporting Standard (FRS) 102 Section 28: Retirement Benefits to recognise the retirement benefits as the benefits are earned and not when they are due to be paid. The contributions are determined by qualified actuaries, on the basis of triennial valuations, using the projected unit credit actuarial cost method, and the scheme is valued in these financial statements using defined benefit accounting using these actuarial valuations. The contributions charged are recognised in the periods in which they arise.

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

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

In previous years, OHM was unable to recognise its share of the scheme assets and scheme liabilities, therefore had applied defined contribution accounting in respect of the SHAPS. For the year ended 31 March 2018, OHM had recognised a past service deficit liability of £60,034, within provisions based on the present value of OHM's deficit funding agreement.

For the year ended 31 March 2019, OHM is able to identify its share of the scheme assets and scheme liabilities from 1 April 2018 and therefore has applied defined benefit accounting from this date onwards. For accounting purposes, the relevant date for accounting for this change from defined contribution to defined benefit accounting is 1 April 2018. The scheme assets are measured at fair value. Scheme liabilities are measured on an actuarial basis using the projected unit credit method and are discounted at appropriate high quality corporate bond rates.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2018

1. Accounting Policies (continued)

(w) Pensions - continued

The deficit funding agreement liability that was previously recognised within provisions of £60,034 was derecognised on the 1 April 2018, and an initial net defined benefit pension liability of £73,000 was recognised at this date in the statement of financial position. The resulting net difference of £12,966 on initial recognition of the SHAPS obligation was recognised in other comprehensive income. As at the year ended 31 March 2019, the net defined benefit pension deficit liability was £69,000, which has been included within the provisions for pensions liability in the financial statements.

In the year ended 31 March 2019, the current service cost and costs from settlements and curtailments are charged against operating surplus. Past service costs are recognised in the current reporting period within the income and expenditure account. Interest is calculated on the net defined benefit liability. Remeasurements are reported in other comprehensive income. Refer to Note 24 for more details.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2019

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

	Note	Turnover	Operating Costs	Operating Surplus	Operating Surplus for Previous period of account
		£	£	£	£
Affordable Lettings	3a	9,713,006	(6,082,160)	3,630,846	3,273,662
Other activities	3c	279,586	(194,293)	85,293	90,015
Total		9,992,592	(6,276,453)	3,716,139	3,363,677
Total for previous period of account		9,235,941	(5,872,264)	3,363,677	

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

	Note	Turnover	Operating Costs	Operating Surplus	Operating Surplus for Previous period of account
		£	£	£	£
Affordable Lettings	3b	6,343,551	(3,967,189)	2,376,362	1,976,594
Other activities	3d	604,277	(181,942)	422,335	411,653
Total		6,947,828	(4,149,131)	2,798,697	2,388,247
Total for previous period of account		6,433,839	(4,045,592)	2,388,247	

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2019

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

	2019	2018
Group		
	£	£
Rents receivable net of identifiable service charges	8,416,482	7,828,713
Service charges	180,261	169,602
Gross income from rents and service charges	8,596,743	7,998,315
Less: voids	(44,661)	(94,944)
Net income from rents and service charges	8,552,082	7,903,371
Grants released from deferred income	1,160,924	992,598
Other Revenue grants	-	-
Total turnover from affordable letting activities	9,713,006	8,895,969
Management and maintenance administration costs	2,455,863	2,450,786
Service costs	166,881	148,114
Planned and cyclical maintenance including major repairs costs	386,579	295,476
Reactive maintenance costs	1,128,209	1,085,583
Bad debts – rent and service charges	134,539	90,711
Depreciation of social housing	1,810,089	1,551,637
Operating costs for affordable letting activities	6,082,160	5,622,307
Operating Surplus for affordable lettings	3,630,846	3,273,662
Operating Surplus for affordable lettings for previous period of account	3,273,662	

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2019

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

	2019	2018
Association		
	£	£
Rents receivable net of identifiable service charges	5,503,806	5,158,068
Service charges	142,688	134,973
Gross income from rents and service charges	5,646,494	5,293,041
Less: voids	(20,744)	(49,126)
Net income from rents and service charges	5,625,750	5,243,915
Grants released from deferred income	717,801	574,801
Other Revenue grants	-	-
Total turnover from affordable letting activities	6,343,551	5,818,716
Management and maintenance administration costs	1,527,918	1,793,687
Service costs	135,185	116,884
Planned and cyclical maintenance including major repairs costs	223,699	167,992
Reactive maintenance costs	728,892	681,353
Bad debts – rent and service charges	105,155	55,272
Depreciation of social housing	1,246,340	1,026,934
Operating costs for affordable letting activities	3,967,189	3,842,122
Operating Surplus for affordable lettings	2,376,362	1,976,594
Operating Surplus for affordable lettings for previous period of account	1,976,594	

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2019

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	-	24,534	-	-	24,534	-	24,534	-	-
Factoring	-	-	-	4,781	4,781	-	-	4,781	4,781
Development and construction of property	-	-	-	-	-	-	-	-	(19,976)
Support activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	25,950	25,950	-	16,085	9,865	28,184
Other agency/management services	-	-	-	58,916	58,916	-	36,519	22,397	35,276
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non- registered social landlords	-	-	-	-	-	-	-	-	-
Other activities	61,107	-	-	104,298	165,405	-	117,155	48,250	41,750
Total from other activities	61,107	24,534	-	193,945	279,586	-	194,293	85,293	90,015
Total from other activities for the previous period of account	61,360	-	-	278,612	339,972	-	249,957	90,015	

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2019

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

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total turnover	Operating costs – bad debts	Other operating costs	Operating surplus	Operating surplus for previous period of account
	£	£	£	£	£	£	£	£	£
Wider action/Wider role	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	4,781	4,781	-	-	4,781	4,781
Development and construction of property	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	-	-	-	-	-	1,856
Other agency/management services	-	-	-	137,258	137,258	-	111,308	25,950	70,223
Developments for sale to RSLs	-	-	-	-	-	-	-	-	-
Mid market Rent Lease Income	-	-	-	350,690	350,690	-	-	350,690	298,995
Other activities	36,812	-	-	74,736	111,548	-	70,634	40,914	35,798
Total from other activities	36,812	-	-	567,465	604,277	-	181,942	422,335	411,653
Total from other activities for the previous period of account	50,950	-	-	564,173	615,123	-	203,470	411,653	

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2019

4. Housing Stock

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

Group

	2019	2018
	No	No
General Needs	1,553	1,532
Mid-Market	77	77
Shared Ownership (LIFT properties)	29	29
Factoring (Owner Occupiers)	20	20
Total units in management	<u>1,679</u>	<u>1,658</u>

Association

	2019	2018
	No	No
General Needs	1,041	1,026
Mid-Market	77	77
Shared Ownership (LIFT properties)	29	29
Factoring (Owner Occupiers)	20	20
Total units in management	<u>1,167</u>	<u>1,152</u>

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

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

Group	2019	2018
	No	No
Leased units to Aberdeenshire Council	5	4
Leased units to Moray Council	7	7
Leased to Other Third Parties	2	2
	<u>14</u>	<u>13</u>

Association

	2019	2018
	No	No
Leased units to Aberdeenshire Council	5	4
Leased to Other Third Parties	2	2
	<u>7</u>	<u>6</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2019

5. Interest payable	2019	2018
Group	£	£
Loan Interest	1,981,314	1,915,257
Net finance gain on pension liability	26,000	37,000
Unwinding of discount on SHAPs provision	-	707
	<u>2,007,314</u>	<u>1,952,964</u>
Association		
Loan Interest	1,634,485	1,573,131
Net finance gain on pension liability	25,000	37,000
	<u>1,659,485</u>	<u>1,610,131</u>

6. Operating Surplus

This is stated after charging the following:

	2019	2018
Group	£	£
Directors' Remuneration	184,220	203,161
Auditors remuneration – audit services	30,383	27,719
Other bodies relating to Auditor	8,814	5,357
Internal Audit	5,853	5,732
Operating leases	9,982	10,651
Release of Capitalised Facility Fee	29,481	29,481
Amortisation of intangible fixed assets	32,160	32,159
Depreciation of housing properties	1,810,089	1,551,637
Depreciation of other tangible fixed assets	38,081	48,717
Impairment of other tangible fixed assets	209,781	289,123
Association		
Directors' Remuneration	184,220	203,161
Auditors remuneration – audit services	14,246	12,231
Other bodies relating to Auditor	5,525	2,485
Internal Audit	4,031	4,072
Operating leases	9,590	9,689
Release of Capitalised Facility Fee	18,648	18,648
Amortisation of intangible fixed assets	22,834	22,834
Depreciation of housing properties	1,246,340	1,026,934
Depreciation of other tangible fixed assets	26,457	36,231
Impairment of other tangible fixed assets	-	289,123

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2019

7. Employees	2019	2018
	£	£
Group		
Wages and salaries	1,120,611	1,058,531
Social Security costs	117,156	105,446
Other Pension costs	196,135	186,185
	<u>1,433,902</u>	<u>1,350,162</u>

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

Housing Management	20	21
Corporate	5	4
Business Support	8	8
	<u>33</u>	<u>33</u>

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

	2019	2018
	£	£
From Above	1,433,902	1,350,162
SHAPS Pension Deficit	15,102	14,663
Capitalised Salary Costs	(24,562)	(34,943)
	<u>1,424,442</u>	<u>1,329,882</u>

	2019	2018
	£	£
Association		
Wages and salaries	894,479	851,028
Social Security costs	92,680	83,950
Other Pension costs	173,817	169,050
	<u>1,160,976</u>	<u>1,104,028</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	13	15
Corporate	5	4
Business Support	7	7
	<u>25</u>	<u>26</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2019

7. Employees (continued)

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

	2019	2018
	£	£
From Above	1,160,976	1,104,028
Staff Costs recharged to OHM	(321,715)	(305,583)
Staff Costs recharged from OHM	191,715	179,523
Capitalised Salary Costs	(9,849)	(21,565)
	<u>1,021,127</u>	<u>956,403</u>

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

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

There are 2 members of key management personnel who received emoluments of £60,000 or more (2018: 3).

	2019	2018
	£	£
Group and Association		
Aggregate emoluments for key management personnel (excluding pension contributions)	150,917	168,244
Pension contributions for key management personnel	33,303	34,917
Total	<u>184,220</u>	<u>203,161</u>

Aggregate emoluments of the Chief Executive (excluding pension contributions)	86,139	75,565
Pension contributions for the Chief Executive	19,065	15,870
Total	<u>105,204</u>	<u>91,435</u>

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

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

	2019	2018
	No	No
Group and Association		
£60,001 - £70,000	-	1
£70,001 - £80,000	1	1
£80,001 - £90,000	-	-
£90,001 - £100,000	-	-
£100,001 - £110,000	1	1

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2019

8. Taxation (Group)	2019	2018
	£	£
UK Corporation Tax on profits for the year	(12,475)	12,475
Total Current Tax	<u>(12,475)</u>	<u>12,475</u>
Factors affecting the tax charge for the year:		
Surplus on ordinary activities of OIL multiplied by the standard rate of corporation tax (19%)	17,553	12,475
Expenses not deductible for tax purposes	-	-
Group relief	(17,553)	-
Amounts in respect of prior periods	<u>(12,475)</u>	<u>-</u>
Current tax charge for the period	<u>(12,475)</u>	<u>12,475</u>

9. Intangible Fixed Assets

Group

	IT Software
Cost	£
At 1 April 2018	303,216
Additions during year	<u>10,858</u>
	314,074
Amortisation	
At 1 April 2018	(154,368)
Charge for year	<u>(32,160)</u>
At 31 March 2019	<u>(186,528)</u>
Net Book Value	
At 31 March 2019	<u>127,546</u>
At 31 March 2018	<u>148,848</u>

Association

	IT Software
Cost	£
At 1 April 2018	216,475
Additions during year	<u>8,056</u>
	224,531
Amortisation	
At 1 April 2018	(109,913)
Charge for year	<u>(22,834)</u>
At 31 March 2019	<u>(132,747)</u>
Net Book Value	
At 31 March 2019	<u>91,784</u>
At 31 March 2018	<u>106,562</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2019

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

	Housing Properties under construction	Housing Properties held for letting	Total
Cost	£	£	£
At 1 April 2018	3,545,204	134,229,602	137,774,806
Additions during year	5,739,020	719,520	6,458,540
Disposals during year	-	(205,020)	(205,020)
Transfers	(2,648,319)	2,648,319	-
At 31 March 2019	<u>6,635,905</u>	<u>137,392,421</u>	<u>144,028,326</u>
Depreciation			
At 1 April 2018	-	(16,351,008)	(16,351,008)
Charge for year	-	(1,810,089)	(1,810,089)
Disposals during year	-	113,177	113,177
At 31 March 2019	<u>-</u>	<u>(18,047,920)</u>	<u>(18,047,920)</u>
Net Book Value			
At 31 March 2019	<u>6,635,905</u>	<u>119,344,501</u>	<u>125,980,406</u>
At 31 March 2018	<u>3,545,204</u>	<u>117,878,594</u>	<u>121,423,798</u>

Interest of £nil (2018: £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 £21,377,406 (2018: £20,946,699) which is not depreciated.

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2019

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

	Housing Properties under construction	Housing Properties held for letting	Total
Cost	£	£	£
At 1 April 2018	1,676,081	94,729,183	96,405,264
Additions during year	1,028,819	590,806	1,619,625
Disposals during year	-	(149,454)	(149,454)
Transfers	(1,686,412)	1,686,412	-
At 31 March 2019	1,018,488	96,856,947	97,875,435
Depreciation			
At 1 April 2018	-	(9,815,779)	(9,815,779)
Charge for year	-	(1,246,340)	(1,246,340)
Disposals during year	-	75,418	75,418
At 31 March 2019	-	(10,986,701)	(10,986,701)
Net Book Value			
At 31 March 2019	1,018,488	85,870,246	86,888,734
At 31 March 2018	1,676,081	84,913,404	86,589,485

Interest of £nil (2018: £nil) has been included in cost of housing properties. All land and property is owned by the Association. No properties are held under lease. Included in Housing Properties is Land with a value of £15,282,776 (2018: £14,989,615) which is not depreciated.

10c.) Expenditure on existing properties

	Year ended 31 March 2019	Year ended 31 March 2018
Group	£	£
Major repairs expensed	-	-
Replacement of components	719,520	635,502
Total	719,520	635,502
Association		
Major repairs expensed	-	-
Replacement of components	590,806	440,616
Total	590,806	440,616

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2019

10d.) Other Tangible Fixed Assets - Group

	IT Equipment	Furniture, Fittings & Equipment	Office Property	Total
	£	£	£	£
Cost				
At 1 April 2018	120,561	106,927	1,791,252	2,018,740
Additions during year	11,029	330	-	11,359
Disposals during year	(345)	-	-	(345)
At 31 March 2019	<u>131,245</u>	<u>107,257</u>	<u>1,791,252</u>	<u>2,029,754</u>
Depreciation				
At 1 April 2018	(106,036)	(99,293)	(501,651)	(706,980)
Charge for the year	(6,318)	(2,213)	(29,550)	(38,081)
Disposals during year	345	-	-	345
Impairment	-	-	(209,781)	(209,781)
At 31 March 2019	<u>(112,009)</u>	<u>(101,506)</u>	<u>(740,982)</u>	<u>(954,497)</u>
Net Book Value				
At 31 March 2019	<u>19,236</u>	<u>5,751</u>	<u>1,050,270</u>	<u>1,075,257</u>
At 31 March 2018	<u>14,525</u>	<u>7,634</u>	<u>1,289,601</u>	<u>1,311,760</u>

Graham + Sibbald were commissioned to prepare a valuation report of the Clifton Road Office, as part of a feasibility into how services are provided within Moray, which they produced on 11 December 2018. The valuation report established that the current market value of the Lossiemouth office property has reduced to £200,000.

Therefore, an impairment of £209,781 has been recognised in these accounts in management costs (note 3).

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2019

10e.) Other Tangible Fixed Assets - Association

	IT Equipment	Furniture, Fittings & Equipment	Office Property	Total
	£	£	£	£
Cost				
At 1 April 2018	110,053	61,432	1,300,254	1,471,739
Additions during year	10,693	330	-	11,023
Disposals during year	(345)	-	-	(345)
At 31 March 2019	120,401	61,762	1,300,254	1,482,417
Depreciation				
At 1 April 2018	(97,478)	(54,938)	(430,254)	(582,670)
Charge for the year	(4,799)	(1,928)	(19,730)	(26,457)
Disposals during year	345	-	-	345
At 31 March 2019	(101,932)	(56,866)	(449,984)	(608,782)
Net Book Value				
At 31 March 2019	18,469	4,896	850,270	873,635
At 31 March 2018	12,575	6,494	870,000	889,069

Rental income of £9,446 (2018: £nil) was received in the year in relation to an operating lease on the office property owned by the Association. The property is included in the Association accounts at a cost of £1,300,254 (2018: £1,300,254) with accumulated depreciation as at 31 March 2019 of £449,984 (2018: £430,254), resulting in a net book value of £850,270 (2018: £870,000).

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2019

11. Investment	2019	2018
	£	£
Association		
Shares in unlisted subsidiary companies at cost	101	101

The subsidiary companies at 31st March 2019 were Osprey Initiatives Limited which is a company registered in Scotland providing, constructing, encouraging or facilitating the provision and construction of affordable housing for Osprey Housing Limited and Osprey Housing Moray which is a Co-operative and Community Benefits Society which provides affordable houses for rent in Moray. Osprey Housing Limited holds 100% of the share capital in Osprey Initiatives Limited and the controlling share in Osprey Housing Moray.

The results of Osprey Housing Moray for the year ended 31 March 2019 are as follows:

Surplus for the year after Taxation	442,004	543,161
Net Assets	5,095,418	4,653,423

The results of Osprey Initiatives Limited for the year ended 31 March 2019 are as follows:

Surplus for the period after Taxation	104,858	47,865
Net Assets	242,422	137,664

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2019

12. Debtors

	2019	2018
	£	£
Group		
Amounts falling due within one year		
Gross rents in arrears	327,172	289,580
Less: bad debt provision	(146,029)	(122,456)
	181,143	167,124
HAG Receivable	321,213	-
Other debtors	531,239	375,512
Less: bad debt provision	(210,781)	(133,695)
	822,814	408,941
	2019	2018
	£	£
Association		
Amounts falling due within one year		
Gross rents in arrears	237,028	202,133
Less: bad debt provision	(109,464)	(80,072)
	127,564	122,061
Amount due from group company	58,692	60,284
HAG Receivable	-	-
Other debtors	362,525	247,197
Less: bad debt provision	(176,371)	(111,016)
	372,410	318,526

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2019

13. Creditors due within one year

	2019	2018
	£	£
Group		
Loans (Note 14)	399,315	370,867
Retentions unpaid	347,022	315,676
Prepaid rent	249,146	268,791
Accruals	2,005,895	1,514,173
Other Tax and Social Security	49,190	47,770
Pension Creditor	22,793	21,477
Trade Creditors	947,916	515,285
Other Creditors	67,748	39,911
HAG repayable	-	1,075,000
Deferred Capital Grant (note 15)	1,189,236	1,160,924
	<u>5,278,261</u>	<u>5,329,874</u>

Prior year other creditors included Housing Association Grant of £1,075,000 for a development acquisition that had not settled prior to the end of the financial year. The acquisition completed in November 2018, therefore the grant did not have to be repaid to the Scottish Government and was recycled into deferred capital grant in the year (see Note 15).

Association

Loans (Note 14)	85,000	68,000
Retentions Unpaid	168,090	209,112
Prepaid Rent	146,610	158,665
Accruals	1,414,778	1,341,594
Other Tax and Social Security	39,030	22,591
Pension Creditor	22,793	17,660
Trade Creditors	414,647	256,494
Other Creditors	4,757	8,599
Intercompany Creditor	2,004	6,860
Deferred Capital Grant (note 15)	736,486	717,801
	<u>3,034,195</u>	<u>2,807,376</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2019

14. Creditors due out with one year

	2019	2018
	£	£
Group		
Loans	44,234,581	43,651,772
Deferred Capital Grant (note 15)	71,790,231	68,953,893
	<u>116,024,812</u>	<u>112,605,665</u>
 Association		
Loans	34,887,387	35,001,098
Deferred Capital Grant (note 15)	45,999,870	46,265,547
	<u>80,887,257</u>	<u>81,266,645</u>

OHL loans from private funding amounting to £23,224,000 (2018 - £23,292,000) are secured by specific charges on its properties, with the bond and floating charge having been removed on 5th January 2016. These loans are on a 25 year term and are a combination of fully amortising and bullet repayment facilities. A further Revolving Credit Facility of £7,500,000 was obtained which has been fully drawn down. This facility is on a 5 year term with interest based on 3 month LIBOR plus agreed margin. Another loan of £3,743,498 is unsecured, is interest free and is repayable between 2027 and 2033.

OHM loans from Nationwide amounting to £7,704,011 (2018 - £8,006,877) are secured by a first ranking standard security over 332 units of the Society's housing stock. These loans are on a 30 year term and interest is fixed at 3.78% for a period of 10 years, which commenced in January 2011. Osprey Housing Management secured a Revolving Credit Facility of £5,000,000 from Lloyds Banking Group during the year, of which £2,000,000 has been drawn down. This facility is on a 5 year term with interest based on 3 month LIBOR plus margin. The loan is secured by a first ranking standard security over an initial 120 units of the Society's housing stock.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2019

14. Creditors due out with one year (continued)

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

Group	2019	2018
	£	£
Less than one year (note 13)	399,315	370,867
Between one and two years	7,910,055	399,315
Between two and five years	3,259,924	9,747,746
In five years or more	33,196,282	33,665,8763
Capitalised Facility Fee	(131,680)	(161,162)
Total Loans after one year	44,234,581	43,651,772
Total Loans Outstanding	44,633,896	44,022,369
Association		
Less than one year (note 13)	85,000	68,000
Between one and two years	7,585,000	85,000
Between two and five years	187,000	7,721,000
In five years or more	27,204,565	27,302,924
Capitalised Facility Fee	(89,178)	(107,826)
Total Loans after one year	34,887,387	35,001,098
Total Loans Outstanding	34,972,387	35,069,098

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2019

15. Deferred Capital Grant	2019	2018
	£	£
Group		
As at 1 April	70,114,817	65,287,853
Capital Grant Additions	4,025,716	5,819,562
Capital Grant Released	(1,160,924)	(992,598)
Capital Grant Disposals	(142)	-
As at 31 March	<u>72,979,467</u>	<u>70,114,817</u>
Amounts to be released within one year (note 13)	1,189,236	1,160,924
Amounts to be released in more than one year (note 14)	<u>71,790,231</u>	<u>68,953,893</u>
	<u>72,979,467</u>	<u>70,114,817</u>
Association		
As at 1 April	46,983,348	44,328,508
Capital Grant Additions	470,951	3,229,641
Capital Grant Released	(717,801)	(574,801)
Capital Grant Disposals	(142)	-
As at 31 March	<u>46,736,356</u>	<u>46,983,348</u>
Amounts to be released within one year (note 13)	736,486	717,801
Amounts to be released in more than one year (note 14)	<u>45,999,870</u>	<u>46,265,547</u>
	<u>46,736,356</u>	<u>46,983,348</u>

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2019

16. Financial Instruments

	2019	2018
Group	£	£
<i>Financial assets:</i>		
Debt instruments measured at amortised cost	630,596	364,503
Total	630,596	364,503
<i>Financial liabilities:</i>		
Measured at amortised cost	48,002,477	47,482,684
Total	48,002,477	47,482,684
	2019	2018
Association	£	£
<i>Financial assets:</i>		
Debt instruments measured at amortised cost	249,191	286,523
Total	249,191	286,523
<i>Financial liabilities:</i>		
Measured at amortised cost	36,976,663	36,891,757
Total	36,976,663	36,891,757

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2019

17. Notes to Statement of Cash flows

Group

	2019	2018
	£	£
Reconciliation of operating surplus to net cash inflow from activities		
Surplus for the year	1,711,314	1,355,207
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	1,848,170	1,600,354
Impairment of tangible fixed assets	209,781	289,123
Amortisation of intangible fixed assets	32,160	32,159
Amortisation of capital grant	(1,160,924)	(992,598)
Abatement of capital grant	(142)	-
Defined benefit pension scheme	147,034	111,000
Fair value losses on financial instruments	(17,876)	129,400
(Decrease) in provisions	(60,034)	(14,475)
(Gain)/loss on disposal of tangible fixed assets	16,534	46,254
Interest received	(6,548)	(3,223)
Interest payable	2,007,314	1,952,964
Taxation	(12,475)	12,475
Shares issued	-	1
Shares cancelled	(9)	(8)
Operating cash flows before movement in working capital	4,714,299	4,518,633
(Increase)/decrease in trade and other debtors	(401,398)	378,301
Increase in trade and other creditors	(130,136)	894,232
Cash generated from operations	4,182,765	5,791,166
CASH AND CASH EQUIVALENTS	2019	2018
Cash and cash equivalents represent:		
Cash at bank	7,238,139	6,784,976
Notice deposits (less than 3 months)	-	-
Overdraft facility repayable on demand	-	-
	7,238,139	6,784,976

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2019

17. Notes to Statement of Cash flows (continued)

Association

	2019	2018
Reconciliation of operating surplus to net cash inflow from activities	£	£
Surplus for the year	1,140,486	764,181
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	1,272,797	1,063,165
Impairment of tangible fixed assets	-	289,123
Amortisation of intangible fixed assets	22,834	22,834
Amortisation of capital grant	(717,801)	(574,801)
Abatement of capital grant	(142)	-
Defined benefit pension scheme	102,000	111,000
Fair value losses on financial instruments	(28,711)	118,567
(Gain)/loss on disposal of tangible fixed assets	(1,274)	13,935
Interest received	-	-
Interest payable	1,659,485	1,610,131
Operating cash flows before movement in working capital	3,449,674	3,418,135
Decrease/(increase) in trade and other debtors	(53,884)	389,107
(Decrease)/increase in trade and other creditors	156,896	20,343
Cash generated from/(used in) operations	3,552,686	3,827,585
CASH AND CASH EQUIVALENTS	2019	2018
Cash and cash equivalents represent:		
Cash at bank	4,229,038	3,462,042
Notice deposits (less than 3 months)	-	-
Overdraft facility repayable on demand	-	-
	4,229,038	3,462,042

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2019

18. Capital Commitments

	2019	2018
Group	£	£
Land and Buildings	2,598,742	1,228,885
Replacement Components	-	30,835
Intangible Fixed Assets	-	5,000
Board authorised expenditure contracted less certified	<u>2,598,742</u>	<u>1,264,720</u>
	2019	2018
Association	£	£
Land and Buildings	52,765	264,151
Replacement Components	-	30,835
Intangible Fixed Assets	-	3,444
Board authorised expenditure contracted less certified	<u>52,765</u>	<u>298,430</u>

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

19. Contingent Liabilities - Association

The Association is in a VAT group with its subsidiaries Osprey Housing Moray and Osprey Initiatives Limited. The total group VAT liability of £7,477 (2018: £5,520) will have to be paid in full by the Association in the event of a default by either of the above two entities.

20. Leasing Commitments

At 31 March 2019, the Group and Association had annual commitments under non-cancellable operating leases as detailed below:

	Plant & Machinery	
	2019	2018
Group	£	£
Amounts due:		
Within one year	16,597	14,445
Within two to five years	19,403	25,582
After five years	-	-
	<u>36,000</u>	<u>40,027</u>
	Plant & Machinery	
	2019	2018
Association	£	£
Amounts due:		
Within one year	16,597	13,839
Within two to five years	19,403	25,582
After five years	-	-
	<u>36,000</u>	<u>39,421</u>

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2019

21. Share Capital

Group	2019	2018
Shares of £1 each, issued and fully paid:		
At 1 April	42	49
Issued during year	-	1
Cancelled during year	(9)	(8)
At 31 March	<u>33</u>	<u>42</u>

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

22. General Reserve

Group	2019	2018
	£	£
Opening Balance	12,082,708	10,616,501
Surplus for the year	1,711,314	1,355,207
Transfer from Pension Reserve	147,034	111,000
Total General Reserve	<u>13,941,056</u>	<u>12,082,708</u>

Association	2019	2018
	£	£
Opening Balance	7,291,764	6,416,583
Surplus for the year	1,140,486	764,181
Transfer from Pension Reserve	102,000	111,000
Total General Reserve	<u>8,534,250</u>	<u>7,291,764</u>

23. Pension Reserves

Group	2019	2018
	£	£
Opening Balance	(1,033,000)	(1,432,000)
Initial recognition of pension scheme liability	(12,966)	-
Actuarial (Loss)/Gain on Pension Scheme	(40,000)	510,000
Transfer to General Reserve	(147,034)	(111,000)
Total General Reserve	<u>(1,233,000)</u>	<u>(1,033,000)</u>

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

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2019

23. Pension Reserves - continued

	2019	2018
Association	£	£
Opening Balance	(1,033,000)	(1,432,000)
Actuarial Gain/(Loss) on Pension Scheme	(29,000)	510,000
Transfer to General Reserve	(102,000)	(111,000)
Total General Reserve	<u>(1,164,000)</u>	<u>(1,033,000)</u>

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

24. Pension Fund

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

Osprey Housing Limited – North East Scotland Pension Fund

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

The LGPS is a multi-employer scheme administered by the Council under regulations governing the Local Government Pension Scheme, a defined benefit pension scheme. The most recent comprehensive actuarial valuation of the plan assets and the present value of the defined benefit obligation was carried out at 31 March 2017.

The employers contributions to the LGPS by the RSL for the year ended 31 March 2019 were £163,000 (2018: £168,000) at a contribution rate of 22.6% of pensionable salaries. The employers contribution rate for the year ending 31 March 2020 has been set at 35.4%. The employers contributions for the year ended 31 March 2020 are estimated to be £163,000.

The next actuarial valuation of the North East Scotland Pension Fund is being carried out with an effective date of 31 March 2020.

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2019

24. Pensions (continued)

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

	2019	2018
	%	%
RPI	2.35	2.15
CPI	2.35	2.15
Salary increases	2.35	2.15
Discount rate	2.55	2.60

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

	2019	2018
	Years	Years
Male	22.9	22.7
Female	25.0	24.9

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

	2019	2018
	Years	Years
Male	25.8	25.6
Female	28.1	27.9

Osprey Housing Moray – Scottish Housing Associations' Pension Scheme

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

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

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

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2019

24. Pensions (continued)

For the year ended 31 March 2018, the SHAPS obligation was being accounted for as a defined contribution as there was not sufficient information available to identify each employer's share of assets and liabilities in the scheme. Therefore, for 31 March 2018, the contributions payable from the society to the SHAPS under the terms of its funding agreement for past deficits was recognised as a liability within provisions in the Society's financial statements. The net present value for this contractual obligation was £60,034.

For the year ended 31 March 2019, sufficient information is available for the Society in respect of SHAPS to account for its obligation on a defined benefit basis. The most recent formal actuarial valuation was completed as at 30 September 2015 and rolled forward, allowing for the different financial assumptions required under FRS 102, to 31 March 2019 by a qualified independent actuary. Under the defined benefit pension accounting approach, the SHAPS net deficit as at 1 April 2018 is £73,000 and is £69,000 as at 31 March 2019.

The amendment to FRS102 issued in May 2019 requires the difference on transition from defined contribution accounting to defined benefit accounting to be presented separately in other comprehensive income. The change on transition has resulted in a re-measurement difference of £12,966, which has been recognised at the relevant date of application, 1 April 2018, in other comprehensive income.

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

	2019
	%
RPI	3.30
CPI	2.30
Salary increases	3.30
Discount rate	2.28

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

	2019
	Years
Male	21.7
Female	23.4

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2019

24. Pensions (continued)

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

	2019 Years
Male	23.1
Female	24.7

The last triennial valuation of the scheme for funding purposes was carried out as at 30 September 2015. This valuation revealed a deficit of £198m. A Recovery Plan has been put in place to eliminate the deficit which runs to 28 February 2022 for the majority of employers, although certain employers have different arrangements.

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

	Group 2019	2018	Association 2019	2018
Current Service Costs	(237,000)	(239,000)	(237,000)	(239,000)
Net interest on the defined liability pension	(26,000)	(37,000)	(25,000)	(37,000)
Administration expenses	(4,000)	(3,000)	(3,000)	(3,000)
	<u>(267,000)</u>	<u>(279,000)</u>	<u>(265,000)</u>	<u>(279,000)</u>

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

	Group 2019 £	2018 £	Association 2019 £	2018 £
Opening defined benefit obligations	6,144,000	5,933,000	6,144,000	5,933,000
Recognition of SHAPS	732,000	-	-	-
Current service cost	237,000	239,000	237,000	239,000
Interest on pension liabilities	177,000	157,000	159,000	157,000
Expenses	1,000	-	-	-
Member contributions	49,000	52,000	49,000	52,000
Actuarial losses on liabilities	345,000	85,000	311,000	85,000
Benefits / transfers	<u>(164,000)</u>	<u>(322,000)</u>	<u>(143,000)</u>	<u>(322,000)</u>
Closing defined benefit obligations	<u>7,521,000</u>	<u>6,144,000</u>	<u>6,757,000</u>	<u>6,144,000</u>

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2019

24. Pensions (continued)

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

	Group		Association	
	2019	2018	2019	2018
	£	£	£	£
Opening fair value of plan assets	5,111,000	4,501,000	5,111,000	4,501,000
Recognition of SHAPS	659,000	-	-	-
Interest on plan assets	151,000	120,000	134,000	120,000
Actuarial gains on assets	305,000	595,000	282,000	595,000
Administration expenses	(3,000)	(3,000)	(3,000)	(3,000)
Employer contributions	180,000	168,000	163,000	168,000
Member contributions	49,000	52,000	49,000	52,000
Benefits /transfers paid	(164,000)	(322,000)	(143,000)	(322,000)
Closing fair value of plan assets	6,288,000	5,111,000	5,593,000	5,111,000

The actual return on plan assets was £456,000 for the Group and £416,000 for the Association (2018: £320,000 for Group and Association).

The total pension liabilities for the year are:

	Group		Association	
	2019	2018	2019	2018
	£	£	£	£
Defined benefit obligations	7,521,000	6,144,000	6,757,000	6,144,000
Fair value of plan assets	6,288,000	5,111,000	5,593,000	5,111,000
Net defined benefit pension liabilities	1,233,000	1,033,000	1,164,000	1,033,000

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	
	2019	2018	2019	2018
	£	£	£	£
Actuarial (losses) on liabilities	(345,000)	(85,000)	(311,000)	(85,000)
Actuarial gains on assets	305,000	595,000	282,000	595,000
Net actuarial gain/(loss)	(40,000)	510,000	(29,000)	510,000

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2019

24. Pensions (continued)

The defined benefit costs recognised in other comprehensive income are as follows:

	Group		Association	
	2019	2018	2019	2018
	£	£	£	£
Experience on plan assets – gain / (loss)	305,000	595,000	282,000	595,000
Experience gains or (losses) arising on plan liabilities	7,000	2,000	-	2,000
Effects of changes in the demographic assumptions underlying the present value of defined benefit obligations	(2,000)		-	
Effects of changes in the financial assumptions underlying the present value of defined benefit obligations	(350,000)	(87,000)	(311,000)	(87,000)
Total actuarial gains and losses before irrecoverable surpluses	(40,000)	510,000	(29,000)	510,000
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost)	-	-	-	-
Total actuarial gains and losses	(40,000)	510,000	(29,000)	510,000

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2019

24. Pensions (continued)

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

	Group		Association	
	2019	2018	2019	2018
	£	£	£	£
Equities	3,383	3,236	3,383	3,236
Gov. bonds	425	388	425	388
Other bonds	73	66	73	66
Property	422	373	408	373
Cash	213	138	213	138
Other	1,091	910	1,091	910
Absolute return	59	-	-	-
Alternative risk premia	39	-	-	-
Corporate bond fund	49	-	-	-
Credit relative value	12	-	-	-
Distressed opportunities	12	-	-	-
Emerging markets debt	22	-	-	-
Fund of hedge funds	2	-	-	-
Global equity	112	-	-	-
Infrastructure	29	-	-	-
Insurance - linked securities	18	-	-	-
Liability driven investment	247	-	-	-
Long lease property	8	-	-	-
Net current assets	1	-	-	-
Over 15 year gilts	18	-	-	-
Private debt	9	-	-	-
Risk sharing	20	-	-	-
Secured income	24	-	-	-
	6,288	5,111	5,593	5,111

25. Related Party Transactions

Osprey Housing Limited recharged £161,375 (2018: £237,550) of expenses relating to Osprey Initiatives Limited and £350,690 (2018: £298,995) in relation to the lease of housing stock on operating leases.

Osprey Initiatives incurred expenditure of £2,004 (2018: £1,404) on behalf of Osprey Housing Limited.

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2019

25. Related Party Transactions (continued)

The balance due from Osprey Initiatives at the year-end was £885 (2018: £11,144) and the balance due to Osprey Initiatives at the year-end was £2,004 (2018: £744).

Osprey Housing Limited incurred expenditure of £1,086,011 (2018: £461,361) on behalf of Osprey Housing Moray.

Osprey Housing Moray incurred expenditure of £316,002 (2018: £201,815) on behalf of Osprey Housing Limited which has been recharged during the year.

The total amount due from Osprey Housing Moray at the year-end was £57,807 (2018: £49,140) and the balance due to Osprey Housing Moray at the year-end was £nil (2018: £6,116).

The following members of the Board are also tenants of the Association on normal Scottish Secure Tenancy terms: William Chapman. The rent account of William Chapman, at 31 March 2019, was not in arrears.

Two members of the Association's Board are local Councillors and have disclosed their interest in the related public bodies. They are Hazel L Smith and Brian A Topping. Any transactions with these bodies are carried out at an arm's length basis on normal commercial terms. Members of the Board cannot use their position to their advantage.

26. Contingent Liability - Group

OHM has been notified by The Pensions Trust of the estimated employer debt on withdrawal from the Scottish Housing Associations' Pension Scheme based on the financial position of the Scheme as at 30 September 2017. As of this date the estimated employer debt for Osprey Housing Moray was £391,912.

27. Ultimate controlling party

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

28. Members' Guarantee

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

Membership at 31 March 2019 totalled 9 (2018: 9), each guaranteeing a maximum £1 in the event of a winding up of the Association.