

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

CONSOLIDATED
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2017

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 2017

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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 2017

Osprey Housing Limited Board of Directors

William Chapman, Chair
Michael Scott, Vice Chair
Stuart Robertson
Robert Hepburn
Carl Nelson
Hazel L. Smith
Brian A. Topping
Jonathan Young
Kate Darbyshire
Douglas Bodie
Jill Malcolmson (Resigned 31.01.2017)

Osprey Housing Moray Committee of Management

Leslie Allan, Chair
Barry Jarvis, Vice Chair
Robert Hepburn
Hazel L. Smith
Michael Scott
William Chapman
Brian A. Topping
Stephen Christie (Resigned 13.11.2016)
Patsy Gowans
Kirsty Reid (Appointed 01.06.2016)
Michael McLafferty (Appointed 01.06.2016)

Osprey Initiatives Board of Directors

Stuart Robertson, Chair
Douglas Bodie, Vice Chair
Robert Hepburn
Glenn Adcook
Colin Hawkins

Executive Officers

Colin Hawkins, Chief Executive
Glenn Adcook, Executive Director
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 2017
(Continued)

Bankers

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

Bank of Scotland
90 High Street
Elgin
IV30 1BJ

Nationwide
Kings Park Road
Moulton Park
Northampton
NN3 6NW

Company Secretary

Pinsent Masons Secretarial Limited

Solicitors

Pinsent Masons
13 Queens Road
Aberdeen
AB15 4YL

Peterkins
60 Market Place
Inverurie
AB51 3XN

Auditors

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

Internal Auditors

Scott Moncrieff
25 Bothwell Street
Glasgow
G2 6NL

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

31 MARCH 2017

The Board present their report and audited financial statements for the year ended 31 March 2017.

Legal structure

Osprey Housing Limited was registered in August 1999 under the Companies Act 1999 (now Companies Act 2006) (Company No SC 198586). It is governed by its Articles which have been aligned with the SFHA model rules (Scotland) 2015.

OHL established a wholly owned trading subsidiary on 4 March 2008, Osprey Initiatives Limited (OIL). The company was formed to house potentially non-charitable trading and the provision of factoring and clerk of works services to other organisations. More recently OIL has developed its role and primarily engaged in the provision of full landlord services to a developer which provides affordable housing through the Scottish Government's National Housing Trust initiative and more recently LAR Housing Trust (LAR). OIL also provides full and comprehensive services to two small, locally based, RSLs. OIL has acted as a development agent for OHL.

In January 2013, following approval by the Scottish Housing Regulator, OHL entered into a constitutional partnership with Osprey Housing Moray (formerly The Moray Housing Partnership). The constitutional partnership is supported by contractual agreements between OHL and Osprey Housing Moray (OHM) and the rules of OHM have been amended to allow OHL to acquire a controlling share in OHM. 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 4th 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, or 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 2017

Principal activity (continued)

As at 31 March 2017, OHL owned 926 social housing properties (940 tenancies) throughout Aberdeenshire and Aberdeen, 196 of these were built as a consequence of the development programme approved by the Scottish Office in 1999 as a result of the New Housing Partnership award to Aberdeenshire Council and 300 (one of which was sold in 2015/16) were transferred by Aberdeenshire Council to OHL through trickle transfer of casual vacant houses. The remaining 430 properties were developed over more recent years. A further 46 units are owned and leased to OHL's trading subsidiary OIL for letting as Mid-Market rental units in Aberdeen. In addition OHL factors 17 shared ownership units and 20 owner occupied units.

The partnership with OHM brings a further 492 general housing units and 21 stand alone garages into the group stock profile, giving a total for the group of 1,501.

A major review of the Boards strategy has been completed resulting in the publication of a new Corporate Plan (2017 / 2020).

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.

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 the establishment of three joint committees, with delegated authority for:

Housing - Landlord Performance, Tenant Engagement and Asset Management.

Resource & Governance – Risk Strategy, External/Internal Audit arrangements, Budget Review, Financial Projections and Group Governance arrangements.

Corporate Services – Staffing & HR, ICT, Communication Strategy, etc.

Reserved Powers have been agreed to enable operational decisions to be taken which impact on only one of the Group's RSLs.

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.

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

31 MARCH 2017

The Governing Body Members bring a broad range of skills, experience and strengths to ensure the good governance of affairs of the Group. The Governing Bodies skill mix is reviewed on a regular basis and, where gaps are identified, members seek to identify individuals from within the existing membership (OHM) and the wider environment to strengthen the range of expertise within the Board's membership. New Governing Body Members are elected at the relevant Annual General Meeting.

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 each Governing Body Member to ensure that all members are equipped to meet their obligations in contributing to the development of future strategy and performance review of the Group.

Regulation

OHL and OHM are primarily regulated by the Scottish Housing Regulator. OHL's regulatory assessment dated March 2017 indicated that the Scottish Housing Regulator would have 'medium engagement' with OHL during 2017-18. This level of engagement has remained unaltered from the previous year, partly as a result of the CEO's recent retiral announcement (see below).

OHM retains its low level engagement status.

The Group (OHL, OHM & OIL) is managed by the Senior Management Team of Directors. Details of the membership of the Senior Management Team are provided on page 3.

The incumbent Chief Executive has recently intimated, his decision to retire, to the Governing Bodies following 15 years service. The Board of OHL in consultation with the Committee of Management of OHM and the Board of OIL has carried out an option appraisal and is currently in the process of recruiting a new CEO with the support of Aspen People Ltd.

A full governing body member appraisal process has been completed to provide the Governing Bodies assurance in relation to their future intentions following the CEO's announcement.

Risks and uncertainties

OHL, OIL and OHM have developed a detailed Strategic Risk Matrix, which highlights 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 biannually by the OHL Board following initial review by the OHM Committee of Management and the three joint committees with delegated authority.

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

31 MARCH 2017

Risks and uncertainties - continued

The following key strategic risks have been identified:

Category	Risk	Mitigation
Welfare Reform	Increased debt, reduced cash flow Increased management costs Increased property turnover costs Stock Resilience Reputation Future changes.	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
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 and Policy Review External verification KPI's, process reviews and scrutiny Housing management intervention. Business continuity planning Detailed pre development appraisal process

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

31 MARCH 2017

Risks and uncertainties – continued

Key strategic risks - continued

Category	Risk	Mitigation
Housing Management	Poor performance of Charter indicators. Tenant dissatisfaction Increasing management costs Stakeholder interventions Reputation Development	KPI's, process reviews and scrutiny Performance Management and Policy Review Strategic / Operational Actions / Efficiencies Partnership / Alliances Benchmarking Detailed pre-development appraisal process.
Governance	Service failures arising from ineffectual Governing Body Strategy failures. Control failures Reputational failures Relationship failures	Effective reporting Access to Information Board Development Planning – Appraisals, Training, etc. Strategic Planning Code of Conduct Clearly defined Roles & Responsibilities
Corporate failures	HR matters Systems Fraud & Corruption Operating outwith legal framework / compliance failures	HR Policies and Procedures Accreditation - IIP / Healthy Working Lives Training & Investment Business Continuity Health & Safety Internal and External Audit

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

31 MARCH 2017

Risks and uncertainties - continued

Each strategic risk is broken down into core subsections with assigned ownership and mitigation strategies. The Governing Bodies latest review was carried out in Q4 of 2016-17 and was assured that its mitigation strategies were operating effectively.

The decision to re-engage with the development of new affordable housing taken by the governing bodies of both OHL and OHM in 2015-16 was recognised as a new strategic risk and a comprehensive project risk assessment is in place incorporating strategic, financial and operational matters.

Additionally, the Governing Bodies receive regular reports from management and external and internal auditors, to provide reasonable assurance that specific control procedures are in place and are being followed, whilst major risks are similarly identified and presented together with action taken or required to manage the risks and the outcome of the action.

Corporate Vision, Mission, Values and Ambitions

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

Vision:

“Making a difference every day”

Mission:

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

Core Values:

AMBITION – empowering through innovation and challenge.

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

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

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

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

31 MARCH 2017

Corporate Vision, Mission, Values and Ambition - continued

The Osprey Housing Group has 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 2017

Corporate Vision, Mission, Values and Ambition - continued

Ambitions: 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 High Performing accreditation by 2018.

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 Aims is supported by a set of guiding principles and a detailed Implementation Plan.

Overview of Activities and Performance

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) (formerly Moray and Aberdeenshire Housing Partnership Tenants Association (MAHPTA) and participated in the Scottish Government's Tenant Scrutiny initiative.

The OHL Board was very pleased with the progress made during the year. Good performance in respect of many of the Group's KPIs was achieved and this was particularly satisfying as the benefits to tenants of the constitutional partnership become more embedded. Overall financial targets were exceeded and the Group returned a healthy surplus. Following a detailed review budgets have been adjusted for future years and 30 year projections for the Group following final consideration by the OHL Board in Quarter 1 of 2017-18.

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

The Governing Bodies approved their Asset Strategy during the year with a strong focus on energy efficiency, stock improvement and value for money.

The requirements of the Scottish Housing Quality Standards have been achieved (with 2 units in abeyance). A detailed and fully funded programme to deliver EESSH requirements has been agreed by the Governing Bodies, investment in stock will reflect the Group's ambitions to continue to provide high quality housing which also reflect value for money for our tenants.

The Scottish Housing Charter incorporates 16 Outcomes & Standards and many of these directly relate to the tenant experience. The Governing Bodies are pleased with the excellent progress that has been made in delivering against the Charter requirements and will continue to work with OTRA and the Tenants' Scrutiny Panel to ensure further improvements are made in accordance with tenant and stakeholder expectations.

Performance against Key Performance Indicators (Core Business) is set out below together with the Committee's targets for 2017-18:

KPI OHL	Target 2016/2017	Actual 2016/2017	Target 2017/2018
Current rent arrears	2.7%	2.7%	2.5%
Former rent arrears	1.0%	0.5%	0.7%
Void loss	0.5%	0.4%	0.7%
Void performance	10 working days	12.5 working days	13 working days
Board & Committee attendance	80%	71%	80%
Staff attendance	98%	99%	98%

KPI OHM	Target 2016/2017	Actual 2016/2017	Target 2017/2018
Current rent arrears	1.5%	2.0%	1.8%
Former rent arrears	1.0%	0.5%	0.7%
Void loss	0.5%	0.5%	0.6%
Void performance	10 working days	16.5 working days	13 working days
Board & Committee attendance	80%	81%	80%
Staff attendance	98%	88%	98%

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

31 MARCH 2017

Overview of Activities and Performance - continued

The Group continued to implement the Constitutional Partnership Implementation Plan and OHM Governance Plan as agreed with the Scottish Housing Regulator (SHR) and good progress has been made in this respect.

The Housing Management team's focus on the management of rent arrears and on mitigating the impact of Welfare Reform has been very successful to date. Although void performance targets have not been met, primarily as a result of major works being required to bring a small number of properties to an appropriate lettable condition, rental loss has been contained within target.

The major downturn in the oil & gas industry continues to impact significantly on the economy of the North East of Scotland and beyond. The impact on the Group to date has been marginal with rent arrears and void loss being maintained within target. The continuing difficulties in the industry coupled with political uncertainties within a Scottish, UK and European context will be kept under review.

The Group has continued to improve its financial performance during the past year. Reserve creation was again a significant priority in the year and the Internal Management Plan targets the achievement of certain reserve levels in relation to operating expenses. The targets set have been achieved.

Group turnover for the year increased to £8.5m (2016: £8.3m), whilst operating costs for the year increased to £5.2m (2016: £5.1m), resulting in a Group operating surplus of £3.3m (2016: £3.2m). The net comprehensive income after an actuarial loss of £305k (2016: gain of £377k) was £1.1m (2016: £1.8m). This resulted in an increase in net group assets to £9.2m from £8.1m in 2016.

Provision of New Affordable Housing

The Osprey Housing Group is meeting its ambitions to expand its role in the provision of social and affordable housing and is committed to working in partnership with others to achieve its development goals. To this end the Group completed 4 projects in Aberdeen, Aberdeenshire and Moray during the year and embarked on its most ambitious programme yet with nine new projects, comprising 172 properties on site at end of the financial year. These new developments are being 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 Government achieve its planned delivery of 50,000 new affordable homes. OHL is playing a fundamental and critical role at one of these new developments, Countesswells, Aberdeen, which will become a major new community comprising around 3,000 homes and associated infrastructure to the west of the City. To date, the Group has committed over £10.5m of resources into supporting development activity and has secured additional facilities from the Bank of Scotland to fund further projects over the next few years.

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

31 MARCH 2017

Provision of New Affordable Housing - continued

The changing housing market conditions in the Aberdeen Housing Market Area require constant surveillance and the Boards of OHL and OIL are presently considering the future development of new mid – market housing in the City.

The Group continues to work with local authorities, developers and other stakeholders at both strategic and operational levels to achieve greater efficiency in operations and to provide the scope to expand the range of services provided to tenants.

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 with the last such developments coming on stream during the year. The provision of services to the LAR Housing Trust will continue through 2017-18 following which LAR has advised that it will be managing its portfolio directly. The Board of OIL is currently identifying a number of further opportunities for growth in this emerging market having regard to the increasing regulatory demands being placed on the Private Rented Sector (PRS).

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 2017, the Group had an appropriate mix of fixed and variable rate finance. The banking facility provided by Lloyds, revised with effect from 1st April 2010, was further revised on 5th January 2016 securing a facility of £30.9m. £22m has a fixed interest rate for the duration of the loan with a built in increase of 0.7% from 1st April 2018, £1.4m 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. Following an extensive tender process, facilitated by our treasury adviser JCRA, OHM has secured £5M Revolving Credit Facility with the Bank of Scotland post financial year end.

A new Treasury Management Policy was approved in May of 2016.

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.

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

31 MARCH 2017

Maintenance Policies

The Osprey Housing Group seeks to maintain its properties to the highest standard. To this end it agreed its Asset Strategy in November 2016 and has since undertaken a comprehensive and rigorous review of its life cycle requirements and associated budgets. OHM 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 Committee of Management is satisfied that its short, medium and long term forecasts are realistic and provide assurance that compliance with the Energy Efficiency Standard for Social Housing (EESSH) and its own Affordable Warmth Strategy will be achieved. The cost of the repairs and improvements will be charged to the Statement of Comprehensive Income. This includes replacement of components of the properties which have come to the end of their economic lives. In line with SORP 2014, replacements of components are capitalised as they occur. Improvements will also be capitalised if they result in an enhancement of economic benefits to the property. Any other expenditure will be charged to the Statement of Comprehensive Income.

Employees Involvement

As noted previously 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 Committee of Management recognises the importance of employee involvement. To this end the Committee encourages engagement in all major initiatives and in addition holds Strategy Events with external facilitators where staff have the opportunity to review performance with Committee members and tenants and to discuss and agree strategic objectives. The Group holds regular staff meetings to monitor performance against these agreed objectives and has a Colleague Council and Healthy Working Lives Group where a range of staff related issues are discussed. One such initiative progressed by staff in the year was the decision to support Charlie House, a charity helping children with complex and life limiting challenges. Staff raised over £1,600 through a range of activities to support the charity's work. The Group is currently accredited with Investors in People (Silver) and is preparing for its next review in 2017/18.

Health and Safety

Committee of Management 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 are currently reviewing the health and safety systems and arrangements in place across the Group in order to ensure 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 also 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.

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REPORT OF THE BOARD (incorporating STRATEGIC REPORT)
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31 MARCH 2017

Communications

The Group revised its Communications Strategy and agreed their annual Action Plan for 2017-18 during the year. A significant change from earlier years has been to move from three yearly tenant satisfaction surveys to a more dynamic and person centred approach agreed with OTRA. This has resulted in markedly improved satisfaction results as well as an opportunity to spot trends and proactively resolve emerging matters. The OTRA Scrutiny Panel has decided to focus on communications through 2017-18 which will incorporate traditional methods of communication as well as those provided through social media.

Information & Communication Technology

The Group continues to invest significantly in ICT and recognises the benefit in relation to the provision of services to customers as we move toward 24 hour (self) services as well as to the Group in terms of efficiencies and business intelligence. The ICT Strategy is scheduled for review in 2017-18.

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 2017, six months operating costs equate to approximately £2.6m including all repairs. This target has been met in the current financial year. Undesignated revenue reserves at 31 March 2017 are £10.6m (2016: £9.2m).

Changes in Fixed Assets

Changes in fixed assets are set out in note 10.

Rent Policy

The Group carried out an independent review into rent affordability during the year as part of its commitment to providing value for money to tenants and to facilitate longer term financial planning. The Committee of Management has taken significant steps to minimise rent increases and were pleased to note that rents across the Group were affordable against a number of measures. 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 Committee's plans into the future.

Rents for new housing developments are set by the HAG application as agreed with the Scottish Government.

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31 MARCH 2017

Rents for existing social housing properties are set by annual review, sanctioned by governing body approval. Service charges are also reviewed annually and are set on the basis of the service being provided.

The Governing Bodies, in consultation with OTRA, have agreed that a fundamental review of the existing rent structures will commence in 2017-18. Outcomes of this review are expected to be implemented from 2019-20.

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



Date: 30th August 2017

OSPREY HOUSING LIMITED
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STATEMENT OF BOARD RESPONSIBILITIES

31 MARCH 2017

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 – December 2014. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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BOARD'S STATEMENT ON INTERNAL FINANCIAL CONTROL

31 MARCH 2017

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

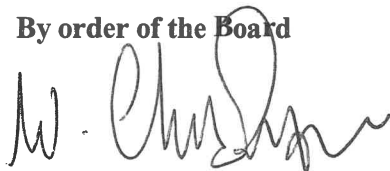
OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

BOARD'S STATEMENT ON INTERNAL FINANCIAL CONTROL
(Continued)

31 MARCH 2017

The Management Team has reviewed the system of internal financial control in the Group during the year ended 31 March 2017. 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

A handwritten signature in black ink, appearing to be 'W. Chisholm', written over a horizontal line.

Date: 30th August 2017

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 20 to 21 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 20 to 21 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advisory Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the Financial Statements.

RSM UK Audit LLP

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

Date: *5 September 2017*

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

Opinion on financial statements

We have audited the group and parent financial statements of Osprey Housing Limited (the "financial statements") on pages 25 to 75. 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 2017 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; and
- 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 – December 2014.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at <http://www.frc.org.uk/auditscopeukprivate>

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Board's Report for the financial year for which the financial statements are prepared is consistent with the financial statements and, based on the work undertaken in the course of our audit, the Strategic report and the Board's Report have 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 company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report or the Board's Report.

We have nothing to report in respect of the following matters where 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 company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of the Board's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

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

Respective responsibilities of the Board and auditor

As explained more fully in the Board's Responsibilities Statement set out on page 19, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

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



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

Date: 5 September 2017

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF COMPREHENSIVE INCOME – GROUP

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Year ended 31 March 2017	Year ended 31 March 2016
		£	£
Turnover	2a	8,544,105	8,297,242
Less: Operating Costs	2a	(5,213,639)	(5,106,965)
Operating Surplus	2a	3,330,466	3,190,277
(Loss)/Surplus on disposal of Property		(36,280)	113,150
Interest receivable and other income		3,382	2,393
Interest payable and similar charges	5	(1,904,197)	(1,860,032)
Surplus before taxation	6	1,393,371	1,445,788
Taxation	8	(16,112)	(2,875)
Surplus for the year		1,377,259	1,442,913
Actuarial (loss)/gain on pension scheme	25	(305,000)	337,000
Total Comprehensive Income for the year		1,072,259	1,779,913

The results relate wholly to continuing activities.

The accompanying notes form part of these financial statements.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF COMPREHENSIVE INCOME – ASSOCIATION

FOR THE YEAR ENDED 31 MARCH 2017

	Notes	Year ended 31 March 2017	Year ended 31 March 2016
		£	£
Turnover	2b	5,765,426	5,627,690
Less: Operating Costs	2b	(3,507,345)	(3,507,393)
Operating Surplus	2b	2,258,081	2,120,297
(Loss)/Surplus on disposal of Property		(28,148)	123,337
Interest receivable and other income		-	1,250
Interest payable and similar charges	5	(1,576,641)	(1,522,390)
Surplus for the year	6	653,292	722,494
Actuarial (loss)/gain on pension scheme	25	(305,000)	337,000
Total Comprehensive Income for the year		348,292	1,059,494

The results relate wholly to continuing activities.

The accompanying notes form part of these financial statements.

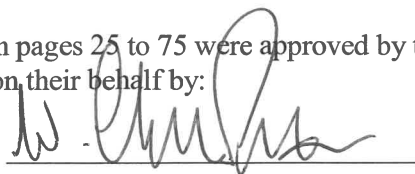
OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION – GROUP AS AT 31 MARCH 2017
Company Number: SC 198586

	Notes	31 March 2017 £	31 March 2016 £
Intangible Fixed Assets	9	181,007	213,166
Tangible Fixed Assets			
Housing Properties	10a	111,093,548	100,112,495
Other Fixed Assets	10d	1,638,254	1,686,117
		<u>112,731,802</u>	<u>102,011,778</u>
Current Assets			
Debtors	12	783,855	1,258,401
Cash at bank and in hand		<u>3,983,811</u>	<u>3,311,993</u>
		4,767,666	4,570,394
Creditors: amounts falling due within one year	13	<u>(4,255,427)</u>	<u>(3,949,205)</u>
Net current assets		<u>512,239</u>	<u>621,189</u>
Total assets less current liabilities		113,425,048	102,632,967
Creditors: amounts falling due after more than one year	14	(102,733,989)	(93,305,671)
Pension Provision	17	(74,509)	(144,000)
Net assets excluding pension (liability)		10,616,550	9,183,296
Defined benefit pension (liability)	25	<u>(1,432,000)</u>	<u>(1,071,000)</u>
Net Assets including pension (liability)		<u>9,184,550</u>	<u>8,112,296</u>
Capital and Reserves			
Share Capital	22	49	54
General Reserve	23	10,616,501	9,183,242
Pension Reserve	24	<u>(1,432,000)</u>	<u>(1,071,000)</u>
		<u>9,184,550</u>	<u>8,112,296</u>

These financial statements on pages 25 to 75 were approved by the Board and authorised for issue on 30 August 2017 and signed on their behalf by:

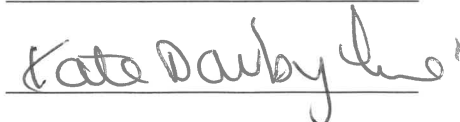
Board Member



Board Member



Board Member



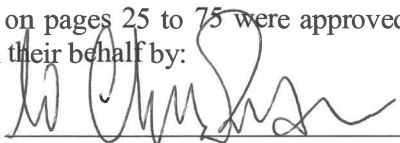
OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF FINANCIAL POSITION – ASSOCIATION AS AT 31 MARCH 2017
Company Number: SC 198586

	Notes	31 March 2017 £	31 March 2016 £
Intangible Fixed Assets	9	<u>129,396</u>	<u>152,230</u>
Tangible Fixed Assets			
Housing Properties	10b	79,381,178	68,828,006
Other Fixed Assets	10e	<u>1,204,506</u>	<u>1,235,576</u>
		<u>80,585,684</u>	<u>70,063,582</u>
Fixed Asset Investments			
Investments	11	<u>101</u>	<u>101</u>
Current Assets			
Debtors	12	707,633	1,166,947
Cash at bank and in hand		<u>1,836,678</u>	<u>2,089,644</u>
		<u>2,544,311</u>	<u>3,256,591</u>
Creditors: amounts falling due within one year	13	<u>(2,643,176)</u>	<u>(2,987,228)</u>
Net current (liabilities)/assets		<u>(98,865)</u>	<u>269,363</u>
Total assets less current liabilities		80,616,316	70,485,276
Creditors: amounts falling due after more than one year	14	(74,199,733)	(64,777,985)
Net assets excluding pension liability		6,416,583	5,707,291
Defined Benefit pension (liability)	25	<u>(1,432,000)</u>	<u>(1,071,000)</u>
Net Assets including pension (liability)		<u>4,984,583</u>	<u>4,636,291</u>
Capital and Reserves			
General Reserve	23	6,416,583	5,707,291
Pension Reserve	24	<u>(1,432,000)</u>	<u>(1,071,000)</u>
		<u>4,984,583</u>	<u>4,636,291</u>

These financial statements on pages 25 to 75 were approved by the Board and authorised for issue on 30th August 2017 and signed on their behalf by:

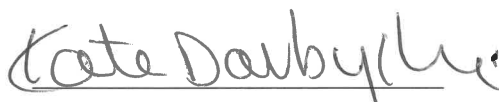
Board Member



Board Member



Board Member



OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF CHANGES IN RESERVES - GROUP

FOR THE YEAR ENDED 31 MARCH 2017

	Share Capital	Income and expenditure reserve	Pension Reserve	Total
	£	£	£	£
Balance at 1 April 2015	54	7,647,339	(1,315,000)	6,332,383
Surplus for the year	-	1,442,913	-	1,442,913
Actuarial gain on pension scheme	-	337,000	-	337,000
Transfer (to)/from pension reserve	-	(244,000)	244,000	-
Share capital issued	3	-	-	3
Share capital cancelled	(3)	-	-	(3)
Balance as at 31 March 2016 - Restated	54	9,183,242	(1,071,000)	8,112,296
Surplus for the year				
Actuarial (loss) on pension scheme	-	1,393,371	-	1,393,371
Transfer (to)/from pension reserve	-	(305,000)	-	(305,000)
Share capital issued	-	361,000	(361,000)	-
Share capital cancelled	2	-	-	2
	(7)	-	-	(7)
Balance at 31 March 2017	49	10,632,613	(1,432,000)	9,200,662

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF CHANGES IN RESERVES - ASSOCIATION

FOR THE YEAR ENDED 31 MARCH 2017

	Income and expenditure reserve £	Pension Reserve £	Total £
Balance at 1 April 2015	4,891,797	(1,315,000)	3,576,797
Surplus for the year	722,494	-	722,494
Actuarial gain on pension scheme	337,000	-	337,000
Transfer (to)/from pension reserve	(244,000)	244,000	-
Balance as at 31 March 2016	5,707,291	(1,071,000)	(4,636,291)
Surplus for the year	653,292	-	653,292
Actuarial (loss) on pension scheme	(305,000)	-	(305,000)
Transfer (to)/from pension reserve	361,000	(361,000)	-
Balance at 31 March 2017	6,416,583	(1,432,000)	4,984,583

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF CASHFLOWS - GROUP

YEAR TO 31 MARCH 2017

	Notes	2017 £	2016 £
Net cash generated from operating activities	18	4,706,232	3,784,290
Income taxes paid		(3,782)	-
NET CASH FROM OPERATING ACTIVITIES		4,702,450	3,784,290
 CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(12,506,668)	(3,931,267)
Purchase of intangible fixed assets		-	(1,200)
Proceeds from sale of tangible fixed assets		4,917	159,108
Grants received		7,699,932	2,355,844
Interest received		3,382	2,393
NET CASH (USED IN) INVESTING ACTIVITIES		(4,798,437)	(1,415,122)
 CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(1,883,824)	(1,860,032)
New secured loans		3,000,000	-
Repayments of borrowings		(348,371)	(546,554)
NET CASH (USED IN) FINANCING ACTIVITIES		767,805	(2,406,586)
 NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		671,818	(37,418)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		3,311,993	3,349,411
CASH AND CASH EQUIVALENTS AT END OF YEAR		3,983,811	3,311,993

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

STATEMENT OF CASHFLOWS - ASSOCIATION

YEAR TO 31 MARCH 2017

	Notes	2017 £	2016 £
Net cash generated from operating activities	18	2,937,814	2,993,182
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of tangible fixed assets		(11,551,075)	(3,641,765)
Purchase of intangible fixed assets		-	(1,200)
Proceeds from sale of tangible fixed assets		-	159,108
Grants received		6,984,563	2,148,668
Interest received		-	1,250
NET CASH (USED IN) INVESTING ACTIVITIES		<u>(4,566,512)</u>	<u>(1,333,939)</u>
CASH FLOW FROM FINANCING ACTIVITIES			
Interest paid		(1,556,268)	(1,522,390)
New secured loans		3,000,000	-
Repayments of borrowings		(68,000)	(272,000)
NET CASH (USED IN) FINANCING ACTIVITIES		<u>(1,375,732)</u>	<u>(1,794,390)</u>
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		<u>(252,966)</u>	<u>(135,147)</u>
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		<u>2,089,644</u>	<u>2,224,791</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR		<u>1,836,678</u>	<u>2,089,644</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2017

1. Accounting Policies

The Association is registered in Scotland under the Companies Act 2006 and is registered with the Scottish Housing Regulator under the Housing (Scotland) Act 2010. 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 is 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 2014, and under the historical cost convention, modified to include certain financial instruments at fair value.

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.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2017

1. Accounting Policies (continued)

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

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. In determining the Associations 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. The rate used to discount the past service deficit defined benefit obligations to their present value is based upon market yields for high quality corporate bonds with terms consistent with those of the benefit obligations. Our commitment to the SHAPS of £76,470 for the next 5 years has been discounted at a rate of 1.06% amounting to a net present value of £74,509 at 31 March 2017.

(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 companies, Osprey Initiatives Limited and Osprey Housing Moray (formerly The Moray Housing Partnership), 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 2017

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.

IT Software 10% 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.

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

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

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

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

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

Where a component of the housing property that has been treated separately for depreciation purposes and depreciated over its useful economic life is replaced or restored; or

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2017

1. Accounting Policies (continued)

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

Where the subsequent expenditure provides an enhancement of the economic benefits of the tangible fixed assets in excess of the previously assessed standard of performance. Such enhancement can occur if the improvements result in an increase in rental income, a material reduction in future maintenance costs or a significant extension of the life of the property.

Works to existing properties which fail to meet the above criteria are charged to the Income and Expenditure account.

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

(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

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2017

1. Accounting Policies (continued)

(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.

(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 the income and expenditure account.

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

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2017

1. Accounting Policies (continued)

(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 Income and Expenditure account as incurred.

(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.

(r) Deposits and Liquid Resources

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

(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.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2017

1. Accounting Policies (continued)

(u) Acquisition of Subsidiary

Negative goodwill arose on the acquisition of Osprey Housing Moray (formerly Moray Housing Partnership) by Osprey Housing Limited due to the fair value of the subsidiary's assets exceeding the value of consideration paid by the Association. Goodwill is measured at the fair value of net assets on acquisition.

The acquisition is treated as a non-exchange transaction and therefore the value of negative goodwill was recognised as a gain in the income and expenditure accounts in the year of acquisition.

(v) Gift Aid

Osprey Initiatives has a policy of distributing by way of a dividend of gift aid of an amount up to the taxable profits each year to Osprey Housing Limited 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 are responsible for formally agreeing the amount to be distributed each year.

(w) Financial Instruments

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

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

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS

AS AT 31 MARCH 2017

1. Accounting Policies (continued)

(w) Financial Instruments - continued

Financial assets

Debtors

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

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

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.

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2017

1. Accounting Policies (continued)

(w) Financial Instruments - continued

Derecognition of financial assets and liabilities

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

(x) Provisions

Provisions are recognised when the RSL has an obligation at the reporting date as a result of a past event which it is probable will result in the transfer of economic benefits and that obligation can be estimated reliably.

Provisions are measured at the best estimate of the amounts required to settle the obligation. Where the effect of the time value of money is material, the provision is based on the present value of those amounts, discounted at the pre-tax discount rate that reflects the risks specific to the liability. The unwinding of the discount is recognised within interest payable and similar charges.

(y) Pensions

Osprey Housing Limited participates in a defined benefit scheme operated by the North East Scotland Pension Fund.

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 recognises 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. The contributions charged are recognised in the periods in which they arise.

Osprey Housing Moray (formerly The Moray Housing Partnership) participated in the defined benefit section of the Scottish Housing Society 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.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2017

1. Accounting Policies (continued)

(y) Pensions - continued

As the defined benefit section of the scheme is a multi-employer scheme with a group contribution rate, the share of assets cannot be specifically allocated and thus Osprey Housing Moray (formerly The Moray Housing Partnership) has accounted for its contributions to the scheme as if it were a defined contribution scheme. As a result no disclosure has been made on the face of the accounts. This will be the policy of Osprey Housing Moray (formerly The Moray Housing Partnership) unless it is required to make a disclosure as a result of legislative changes or the Society's share of assets can be specifically identified. A liability is recognised for contributions arising from an agreement with the multi-employer plan that determines how the RSL will fund a deficit. Contributions are discounted when they are not expected to be settled wholly within 12 months of the period end.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2017

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	8,165,392	(4,975,851)	3,189,541	3,011,102
Other activities	3c	378,713	(237,788)	140,925	179,175
Total		8,544,105	(5,213,639)	3,330,466	3,190,277
Total for previous period of account		8,297,242	(5,106,965)	3,190,277	

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	5,471,326	(3,320,011)	2,151,315	1,990,683
Other activities	3d	294,100	(187,334)	106,766	129,614
Total		5,765,426	(3,507,345)	2,258,081	2,120,297
Total for previous period of account		5,627,690	(3,507,393)	2,120,297	

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2017

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

	2017	2016
Group		
	£	£
Rents receivable net of identifiable service charges	7,090,635	6,785,572
Service charges	152,518	225,597
Gross income from rents and service charges	7,243,153	7,011,169
Less: voids	(40,167)	(21,524)
Net income from rents and service charges	7,202,986	6,989,645
Grants released from deferred income	962,406	962,410
Other Revenue grants	-	50,700
Total turnover from affordable letting activities	8,165,392	8,002,755
Management and maintenance administration costs	1,992,003	2,026,774
Service costs	127,097	155,982
Planned and cyclical maintenance including major repairs costs	332,963	437,832
Reactive maintenance costs	944,889	850,767
Bad debts – rent and service charges	97,858	68,979
Depreciation of social housing	1,481,042	1,451,319
Operating costs for affordable letting activities	4,975,851	4,991,653
Operating Surplus for affordable lettings	3,189,541	3,011,102
Operating Surplus for affordable lettings for previous period of account	3,011,102	

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2017

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

	2017	2016
Association		
	£	£
Rents receivable net of identifiable service charges	4,822,509	4,685,733
Service charges	117,961	145,187
Gross income from rents and service charges	4,940,470	4,830,920
Less: voids	(16,999)	(12,491)
Net income from rents and service charges	4,923,471	4,818,429
Grants released from deferred income	547,855	547,859
Other Revenue grants	-	50,700
Total turnover from affordable letting activities	5,471,326	5,416,988
Management and maintenance administration costs	1,370,521	1,402,665
Service costs	99,323	126,496
Planned and cyclical maintenance including major repairs costs	228,999	301,958
Reactive maintenance costs	581,610	603,542
Bad debts – rent and service charges	75,333	55,170
Depreciation of social housing	964,226	936,473
Operating costs for affordable letting activities	3,320,011	3,426,305
Operating Surplus for affordable lettings	2,151,315	1,990,683
Operating Surplus for affordable lettings for previous period of account	1,990,683	

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2017

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	-	-	-	-	-	-	-	-	-
Factoring	-	-	-	4,833	4,833	-	-	4,833	5,591
Development and construction of property	-	-	-	-	-	-	-	-	-
Support activities	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	52,900	52,900	-	39,000	13,900	13,650
Other agency/management services	-	-	-	100,862	100,862	-	69,124	31,738	73,995
Developments for sale to registered social landlords	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non- registered social landlords	-	-	-	-	-	-	-	-	-
Other activities	71,622	-	-	148,496	220,118	-	129,664	90,454	85,939
Total from other activities	71,622	-	-	307,091	378,713	-	237,788	140,925	179,175
Total from other activities for the previous period of account	50,442	-	-	244,045	294,487	-	115,312	179,175	

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2017

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	-	-	-	4,833	4,833	-	-	4,833	5,591
Development and construction of property	-	-	-	-	-	-	-	-	-
Agency/management services for registered social landlords	-	-	-	4,771	4,771	-	2,272	2,499	-
Other agency/management services	-	-	-	129,873	129,873	-	105,852	24,021	64,038
Developments for sale to RSLs	-	-	-	-	-	-	-	-	-
Developments and improvements for sale to non-RSLs	-	-	-	-	-	-	-	-	-
Other activities	27,161	-	-	127,462	154,623	-	79,210	75,413	59,985
Total from other activities	27,161	-	-	266,939	294,100	-	187,334	106,766	129,614
Total from other activities for the previous period of account	30,442	-	-	180,260	210,702	-	81,088	129,614	

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2017

4. Housing Stock

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

Group

	2017	2016
	No	No
General Needs	1,418	1,414
Shared Ownership (LIFT properties)	29	29
Factoring (Owner Occupiers)	20	20
Mid-Market	46	8
Total units in management	1,513	1,471

Association

	2017	2016
	No	No
General Needs	926	926
Shared Ownership (LIFT properties)	29	29
Factoring (Owner Occupiers)	20	20
Mid-Market	46	8
Total units in management	1,021	983

The 46 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

	2017	2016
	No	No
Leased units to Aberdeenshire Council	3	3
Leased units to Moray Council	7	7
	10	10

Association

	2017	2016
	No	No
Leased units to Aberdeenshire Council	3	3

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2017

5. Interest payable	2017	2016
Group	£	£
Loan Interest	1,865,040	1,816,032
Net finance gain on pension liability	36,000	41,000
Unwinding of discount on SHAPs provision	3,157	3,000
	<u>1,904,197</u>	<u>1,860,032</u>
Association		
Loan Interest	1,540,641	1,481,390
Net finance gain on pension liability	36,000	41,000
	<u>1,576,641</u>	<u>1,522,390</u>

6. Operating Surplus is stated after charging

	2017	2016
Group	£	£
Directors' Remuneration	247,023	240,762
Auditors remuneration – audit services	29,587	26,667
Other bodies relating to Auditor	6,388	5,634
Internal Audit	5,830	5,353
Operating leases	11,255	10,650
Depreciation of housing properties	1,481,042	1,451,319
Depreciation of other tangible fixed assets	<u>83,398</u>	<u>87,153</u>
Association		
Directors' Remuneration	247,023	240,762
Auditors remuneration – audit services	13,838	13,148
Other bodies relating to Auditor	3,856	3,775
Internal Audit	4,309	3,687
Operating leases	9,082	9,082
Depreciation of housing properties	964,226	936,473
Depreciation of other tangible fixed assets	<u>59,434</u>	<u>61,602</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2017

7. Employees	2017	2016
	£	£
Group		
Wages and salaries	1,042,112	989,313
Social Security costs	110,004	82,568
Other Pension costs	187,894	173,241
	<u>1,340,010</u>	<u>1,245,122</u>

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

Housing Management	19	17
Corporate	4	4
Business Support	7	7
	<u>30</u>	<u>28</u>

	2017	2016
	£	£
Association		
Wages and salaries	862,666	819,256
Social Security costs	91,312	65,546
Other Pension costs	161,414	148,359
	<u>1,115,392</u>	<u>1,033,161</u>

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

Housing Management	14	12
Corporate	4	4
Business Support	6	6
	<u>24</u>	<u>22</u>

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

	2017	2016
	£	£
From Above	1,115,392	1,033,161
Staff Costs recharged to OHM	(336,400)	(202,467)
Staff Costs recharged from OHM	153,610	17,650
Capitalised Salary Costs	(10,366)	(889)
	<u>922,236</u>	<u>847,455</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2017

7. Employees (continued)

No 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 Colin Hawkins (Chief Executive), Glenn Adcock (Executive Director) and Gary Walker (Chief Finance Officer).

There are 3 members of key management personnel who received emoluments of £60,000 or more.

	2017	2016
	£	£
Group and Association		
Aggregate emoluments for key management personnel (excluding pension contributions)	205,500	201,618
The emoluments of the Chief Executive (excluding pension contributions)	85,354	83,680
Aggregate pension contributions in relation to the above key management personnel	41,253	39,144

The Chief Executive, Executive Director and Chief Finance Officer are all members of the LGPS defined benefit scheme as disclosed in note 25.

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

	2017	2016
	No	No
Group and Association		
£60,001 - £70,000	1	1
£70,001 - £80,000	1	1
£80,001 - £90,000	-	-
£90,001 - £100,000	-	-
£100,001 - £110,000	1	1
	2017	2016
	£	£
Group		
Total expenses reimbursed to members of the Board in so far as not chargeable to UK income tax	<u>9,460</u>	<u>7,554</u>
Association		
Total expenses reimbursed to members of the Board in so far as not chargeable to UK income tax	<u>7,241</u>	<u>6,469</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2017

8. Taxation (Group)	2017	2016
	£	£
UK Corporation Tax on profits for the year	16,112	2,875
Total Current Tax	<u>16,112</u>	<u>2,875</u>
Factors affecting the tax charge for the year:		
Surplus on ordinary activities of OIL multiplied by the standard rate of corporation tax (20%)	16,112	2,875
Expenses not deductible for tax purposes	-	-
Unrelieved tax losses and other deductions	-	-
Capital allowances in excess of depreciation	-	-
Current tax charge for the period	<u>16,112</u>	<u>2,875</u>

9. Intangible Fixed Assets

Group

	IT Software
Cost	£
At 1 April 2016 and at 31 March 2017	<u>303,216</u>

Depreciation

At 1 April 2016	90,050
Charge for year	<u>32,159</u>
At 31 March 2017	<u>122,209</u>

Net Book Value

At 31 March 2017	<u>181,007</u>
At 31 March 2016	<u>213,166</u>

Association

	IT Software
Cost	£
At 1 April 2016 and at 31 March 2017	<u>216,475</u>

Depreciation

At 1 April 2016	64,245
Charge for year	<u>22,834</u>
At 31 March 2017	<u>87,079</u>

Net Book Value

At 31 March 2017	<u>129,396</u>
At 31 March 2016	<u>152,230</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2017

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

	Housing Properties under construction	Housing Properties held for letting	Total
Cost	£	£	£
At 1 April 2016	3,176,261	110,379,948	113,556,209
Transfers	(1,963,208)	1,963,208	-
Additions during year	9,353,682	3,147,456	12,501,138
Disposals during year	-	(81,392)	(81,392)
At 31 March 2017	<u>10,566,735</u>	<u>115,409,220</u>	<u>125,975,955</u>
Depreciation			
At 1 April 2016	-	(13,443,714)	(13,443,714)
Charge for year	-	(1,481,042)	(1,481,042)
Disposals during year	-	42,349	42,349
At 31 March 2017	<u>-</u>	<u>(14,882,407)</u>	<u>(14,882,407)</u>
Net Book Value			
At 31 March 2017	<u>10,566,735</u>	<u>100,526,813</u>	<u>111,093,548</u>
At 31 March 2016	<u>3,176,261</u>	<u>96,936,242</u>	<u>100,112,495</u>

Interest of £nil (2016: £nil) has been included in cost of housing properties. All land and property is owned by the Group. None of the properties are held under lease.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2017

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

	Housing Properties under construction	Housing Properties held for letting	Total
	£	£	£
Cost			
At 1 April 2016	2,889,243	73,813,812	76,703,055
Transfers	(1,728,520)	1,728,520	-
Additions during year	8,618,417	2,927,128	11,545,545
Disposals during year	-	(54,346)	(54,346)
At 31 March 2017	<u>9,779,140</u>	<u>78,415,114</u>	<u>88,194,254</u>
Depreciation			
At 1 April 2016	-	(7,875,049)	(7,875,049)
Charge for year	-	(964,226)	(964,226)
Disposals during year	-	26,199	26,199
At 31 March 2017	<u>-</u>	<u>(8,813,076)</u>	<u>(8,813,076)</u>
Net Book Value			
At 31 March 2017	<u>9,779,140</u>	<u>69,602,038</u>	<u>79,381,178</u>
At 31 March 2016	<u>2,889,243</u>	<u>65,938,763</u>	<u>68,828,006</u>

Interest of £nil (2016: £nil) has been included in cost of housing properties. All land and property is owned by the Association. None of the properties are held under lease.

10c.) Expenditure on existing properties	Year ended 31	Year ended 31
Group	March 2017	March 2016
	£	£
Group		
Major repairs expensed	-	128,031
Replacement of components	482,832	673,141
Total	<u>482,832</u>	<u>801,172</u>

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)
AS AT 31 MARCH 2017

10c.) Expenditure on existing properties (continued)	Year ended 31 March 2017	Year ended 31 March 2016
	£	£
Association		
Major repairs expensed	-	107,515
Replacement of components	384,753	619,185
Total	<u>384,753</u>	<u>726,700</u>

10d.) Other Tangible Fixed Assets - Group

	IT Equip	Motor Vehicles	Furniture, Fittings & Equip	Office Property	Total
	£	£	£	£	£
Cost					
At 1 April 2016	110,580	37,631	102,000	1,791,252	2,041,463
Additions during year	4,575	-	955	-	5,530
Disposals during year	-	(29,832)	(1,968)	-	(31,800)
At 31 March 2017	<u>115,155</u>	<u>7,799</u>	<u>100,987</u>	<u>1,791,252</u>	<u>2,015,193</u>
Depreciation					
At 1 April 2016	(82,719)	(33,324)	(98,425)	(140,878)	(355,346)
Charge for the year	(11,615)	(2,153)	(1,646)	(35,825)	(51,239)
Disposals during year	-	27,678	1,968	-	29,646
At 31 March 2017	<u>(94,334)</u>	<u>(7,799)</u>	<u>(98,103)</u>	<u>(176,703)</u>	<u>(376,939)</u>
Net Book Value					
At 31 March 2017	<u>20,821</u>	<u>-</u>	<u>2,884</u>	<u>1,614,549</u>	<u>1,638,254</u>
At 31 March 2016	<u>27,861</u>	<u>4,307</u>	<u>3,575</u>	<u>1,650,374</u>	<u>1,686,117</u>

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2017

10e.) Other Tangible Fixed Assets - Association

	IT Equip	Motor Vehicles	Furniture, Fittings & Equip	Office Property	Total
	£	£	£	£	£
Cost					
At 1 April 2016	100,361	-	57,645	1,300,254	1,458,260
Additions during year	4,575	-	955	-	5,530
Disposals during year	-	-	(1,968)	-	(1,968)
At 31 March 2017	104,936	-	56,632	1,300,254	1,461,822
Depreciation					
At 1 April 2016	(78,701)	-	(54,862)	(89,121)	(222,684)
Charge for the year	(9,345)	-	(1,250)	(26,005)	(36,600)
Disposals during year	-	-	1,968	-	1,968
At 31 March 2017	(88,046)	-	(54,144)	(115,126)	(257,316)
Net Book Value					
At 31 March 2017	16,890	-	2,488	1,185,128	1,204,506
At 31 March 2016	21,660	-	2,783	1,211,133	1,235,576

Rental income of £36,758 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 (2016: £1,300,254) with accumulated depreciation as at 31 March 2017 of £115,126 (2016: £89,121).

OSPREY HOUSING LIMITED
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NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2017

11. Investment	2017	2016
	£	£
Association		
Shares in unlisted subsidiary companies at cost	101	101

The subsidiary companies at 31st March 2017 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 (formerly Moray Housing Partnership Limited) 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 (formerly Moray Housing Partnership Limited).

The results of Osprey Housing Moray (formerly Moray Housing Partnership Limited) for the year ended 31 March 2017 are as follows:

Surplus for the year after Taxation	638,103	669,980
Net Assets	4,110,269	3,472,171

The results of Osprey Initiatives Limited for the year ended 31 March 2017 are as follows:

Surplus for the period after Taxation	85,864	50,439
Net Assets	89,799	3,935

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2017

12. Debtors

	2017	2016
	£	£
Group		
Amounts falling due within one year		
Gross rents in arrears	209,621	220,811
Less: bad debt provision	(112,746)	(125,723)
	96,875	95,088
Other debtors and prepayments	686,980	1,163,313
	783,855	1,258,401
Association		
Amounts falling due within one year		
Gross rents in arrears	154,479	164,416
Less: bad debt provision	(84,380)	(91,564)
	70,099	72,852
Other debtors and prepayments	621,605	1,090,561
Intercompany debtor	15,929	3,534
	707,633	1,166,947

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2017

13. Creditors due within one year

	2017	2016
	£	£
Group		
Loans (Note 14)	359,835	349,205
Retentions unpaid	295,458	126,087
Prepaid rent	271,371	228,720
Accruals	684,196	1,181,820
Other Tax and Social Security	57,948	39,186
Pension Creditor	18,366	16,858
Trade Creditors	1,160,254	673,243
Other Creditors	116,952	74,857
HAG repayable	293,944	293,944
Deferred Capital Grant (note 15)	997,103	962,410
	<u>4,255,427</u>	<u>3,946,330</u>
Association		
Loans (Note 14)	68,000	68,000
Retentions Unpaid	251,554	97,113
Prepaid Rent	168,543	149,475
Accruals	532,737	1,101,853
Other Tax and Social Security	25,588	23,899
Pension Creditor	18,366	16,858
Trade Creditors	650,313	648,747
Other Creditors	47,815	39,272
HAG repayable	293,944	293,944
Intercompany Creditor	7,010	208
Deferred Capital Grant (note 15)	579,306	547,859
	<u>2,643,176</u>	<u>2,987,228</u>

Agreement has been reached with the Scottish Government that “excess” grant of £293,944 relating to the Devanha project be set aside for the provision of new affordable homes. The funds have been identified for use on the forthcoming development at Countesswells during 2017-18.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2017

14. Creditors due out with one year

	2017	2016
	£	£
Group		
Loans	38,443,239	35,689,987
Deferred Capital Grant (note 15)	64,290,750	57,587,917
Pension Creditor	-	27,767
	<u>102,733,989</u>	<u>93,305,671</u>
 Association		
Loans	30,450,531	27,406,278
Deferred Capital Grant (note 15)	43,749,202	37,343,940
Pension Creditor	-	27,767
	<u>74,199,733</u>	<u>64,777,985</u>

Loans from private funding amounting to £23,360,000 (2016 - £23,428,000) 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 during the year, of which £3,000,000 has been drawn down. This facility is on a 5 year term with interest based on 3 month LIBOR. Another loan of £3,743,498 is unsecured, is interest free and is repayable between 2027 and 2033. Additional bank loans of £9,362,515 were obtained as a result of the constitutional partnership with Moray Housing Partnership, 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.

The pension creditor relates to the strain on fund payment due in relation to the redundancy of a former employee. It is payable over a 5 year period ending in 2018.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2017

14. Creditors due out with one year (continued)

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

Group	2017	2016
	£	£
Less than one year (note 13)	359,835	349,205
Between one and two years	370,867	359,835
Between two and five year	4,204,589	1,180,236
In five years or more	34,008,426	34,310,041
Capitalised Facility Fee	(140,643)	(160,125)
Total Loans after one year	38,443,239	35,689,987
Total Loans Outstanding	38,803,074	36,039,192
Association		
Less than one year (note 13)	68,000	68,000
Between one and two years	68,000	68,000
Between two and five year	3,221,000	238,000
In five years or more	27,288,005	27,245,400
Capitalised Facility Fee	(126,474)	(145,122)
Total Loans after one year	30,450,531	27,406,278
Total Loans Outstanding	30,518,531	27,474,248

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2017

15. Deferred Capital Grant	2017	2016
	£	£
Group		
As at 1 April	58,550,327	57,157,393
Capital Grant Additions	7,699,932	2,355,844
Capital Grant Disposals	-	(500)
Capital grant released	(962,406)	(962,410)
As at 31 March	<u>65,287,853</u>	<u>58,550,327</u>
Amounts to be released within one year (note 13)	997,103	962,410
Amounts to be released in more than one year (note 13)	<u>64,290,750</u>	<u>57,587,917</u>
	<u>65,287,853</u>	<u>58,550,327</u>
Association		
As at 1 April	37,891,799	36,291,490
Capital Grant Additions	6,984,564	2,148,668
Capital Grant Disposals	-	(500)
Capital grant released	(547,855)	(547,859)
As at 31 March	<u>44,328,508</u>	<u>37,891,799</u>
Amounts to be released within one year	579,306	547,859
Amounts to be released in more than one year	<u>43,749,202</u>	<u>37,343,940</u>
	<u>44,328,508</u>	<u>37,891,799</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2017

16. Financial Instruments

	2017	2016
Group	£	£
<i>Financial assets:</i>		
Debt instruments measured at amortised cost	769,485	1,227,727
Total	<u>769,485</u>	<u>1,227,727</u>
<i>Financial liabilities:</i>		
Measured at amortised cost	41,376,817	38,387,754
Total	<u>41,376,817</u>	<u>38,387,754</u>
	2017	2016
Association	£	£
<i>Financial assets:</i>		
Debt instruments measured at amortised cost	681,905	1,140,454
Total	<u>681,905</u>	<u>1,140,454</u>
<i>Financial liabilities:</i>		
Measured at amortised cost	32,301,904	29,655,415
Total	<u>32,301,904</u>	<u>29,655,415</u>

17. Provisions - Pension

	SHAPS	
Group	Pension	Total
	£	£
As at 1 April 2016	144,000	153,000
Utilised in the year	(12,270)	(11,000)
Unwinding of discount	3,157	3,000
Increase due to change in discount rate	(60,378)	(1,000)
As at 31 March 2017	<u>74,509</u>	<u>144,000</u>

The SHAPS provision represents the net present value of the commitment to the multi-employer pension scheme in respect of past service deficits.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2017

18. Notes to Statement of Cash flows

Group	2017	2016
	£	£
Reconciliation of operating surplus to net cash inflow from activities		
Surplus for the year	1,377,259	1,442,913
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	1,532,281	1,510,666
Amortisation of intangible fixed assets	32,159	31,855
Amortisation of capital grant	(962,406)	(962,410)
Defined benefit pension scheme	56,000	93,000
Fair value losses on financial instruments	112,253	24,050
(Decrease) in provisions	(69,491)	(9,000)
(Gain)/loss on disposal of tangible fixed assets	36,280	(113,150)
Interest received	(3,382)	(2,393)
Interest payable	1,904,197	1,860,032
Taxation	16,112	2,875
Shares issued	2	3
Shares cancelled	(7)	(3)
Operating cash flows before movement in working capital	4,031,257	3,878,438
(Increase)/decrease in trade and other debtors	462,216	(948,908)
Increase in trade and other creditors	212,759	854,760
Cash generated from operations	4,706,232	3,784,290

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2017

18. Notes to Statement of Cash flows (continued)

Association

	2017	2016
	£	£
Reconciliation of operating surplus to net cash inflow from activities		
Surplus for the year	653,292	722,494
Adjustments for non-cash items:		
Depreciation of tangible fixed assets	1,000,826	975,545
Amortisation of intangible fixed assets	22,834	22,530
Amortisation of capital grant	(547,855)	(547,859)
Defined benefit pension scheme	56,000	93,000
Fair value losses on financial instruments	112,253	20,075
(Gain)/loss on disposal of tangible fixed assets	28,148	(123,337)
Interest received	-	(1,250)
Interest payable	1,576,641	1,522,390
Operating cash flows before movement in working capital	2,902,139	2,683,588
Decrease/(increase) in trade and other debtors	459,314	(656,923)
(Decrease)/increased in trade and other creditors	(423,639)	966,517
Cash generated from/(used in) operations	2,937,814	2,993,182

19. Capital Commitments

	2017	2016
	£	£
Group		
Land and Buildings	9,875,025	4,157,933
Replacement Components	48,674	32,029
Expenditure authorised by the Board contracted less certified	9,923,699	4,189,962

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2017

19. Capital Commitments (continued)

	2017	2016
	£	£
Association		
Land and Buildings	8,199,613	4,036,281
Replacement Components	48,674	32,029
Board authorised expenditure contracted less certified	8,248,287	4,068,310

20. 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 £14,707 (2016: £13,528) will have to be paid in full by the Association in the event of a default by either of the above two entities.

21. Leasing Commitments

At 31 March 2017 the Group and Association had annual commitments under non-cancellable operating leases as detailed below:

	Plant & Machinery		Land and Buildings	
	2017	2016	2017	2016
	£	£	£	£
Group				
Amounts due:				
Within one year	4,667	10,650	-	-
Within two to five years	606	3,840	-	-
After five years	-	-	-	-
	5,273	14,490	-	-
	Plant & Machinery		Land and Buildings	
	2017	2016	2017	2016
	£	£	£	£
Association				
Amounts due:				
Within one year	3,099	9,082	-	-
Within two to five years	-	1,667	-	-
After five years	-	-	-	-
	3,099	10,749	-	-

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2017

22. Share Capital

Group	2017	2016
Shares of £1 each, issued and fully paid:		
At 31 March	54	54
Issued during year	2	3
Cancelled during year	(7)	(3)
At 31 March	<u>49</u>	<u>54</u>

23. General Reserve

Group	2017	2016
	£	£
Opening Balance	9,183,242	7,647,329
Surplus for the year	1,393,371	1,442,913
Transfer from Pension Reserve	56,000	93,000
Total General Reserve	<u>10,632,613</u>	<u>9,183,242</u>

Association	2017	2016
	£	£
Opening Balance	5,707,291	4,891,797
Surplus for the year	653,292	722,494
Transfer from Pension Reserve	56,000	93,000
Total General Reserve	<u>6,416,583</u>	<u>5,707,291</u>

24. Pension Reserves

Group and Association	2017	2016
	£	£
Opening Balance	(1,071,000)	(1,315,000)
Actuarial (loss)/Gain on Pension Scheme	(305,000)	337,000
Transfer to General Reserve	(56,000)	(93,000)
Total General Reserve	<u>(1,432,000)</u>	<u>(1,071,000)</u>

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2017

25. 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 career average earnings.

Osprey Housing Limited – North East Scotland Pension Fund

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 2014.

The employers contribution to the LGPS by the RSL for the year ended 31 March 2017 were £161,410 (2016 - £148,000) at a contribution rate of 20.8% of pensionable salaries. The employers' contribution rate for the year ending 31 March 2018 has been set at 21.5%. The employers' contributions for the year ended 31 March 2018 is estimated to be £191,000.

The next actuarial valuation of the North East Scotland Pension Fund is being carried out with an effective date of 31 March 2017.

The amounts recognised in the Income and Expenditure account are as follows:

	2017	2016
	£	£
Current Service Cost	(178,000)	(197,000)
Net interest on the net defined benefit pension liability	(36,000)	(41,000)
Administration expenses	(3,000)	(3,000)
Total	(217,000)	(241,000)

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

	2017	2016
	Years	Years
Male	22.3	22.2
Female	24.9	24.8

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2017

25. Pensions (continued)

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

	2017	2016
	Years	Years
Male	24.5	24.4
Female	27.7	27.6

Changes in the present value of the defined benefit obligation are as follows:

	2017	2016
	£	£
Opening defined benefit obligation	4,629,000	4,662,000
Current service cost	178,000	197,000
Interest on pension liabilities	169,000	150,000
Member contributions	54,000	51,000
Actuarial losses/(gains) on liabilities	948,000	(377,000)
Benefits/transfers	(45,000)	(54,000)
Closing defined benefit obligation	5,933,000	4,629,000

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

	2017	2016
	£	£
Opening fair value of plan assets	3,558,000	3,347,000
Interest on plan assets	133,000	109,000
Actuarial gains/(losses) on assets	643,000	(40,000)
Administration expenses	(3,000)	(3,000)
Employer contributions	161,000	148,000
Member contributions	54,000	51,000
Benefits/transfers paid	(45,000)	(54,000)
Closing fair value of plan assets	4,501,000	3,558,000

The actual return on plan assets was £776,000 (2016 £68,000).

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2017

25. Pensions (continued)

Principal actuarial assumptions at the balance sheet date:

	2017	2016
	% p.a.	% p.a.
Price increases	2.20%	1.95%
Salary increases	2.20%	2.95%
Pension increases	2.20%	1.95%
Discount Rate	2.70%	3.65%

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

	Fair value of assets	
	2017	2016
	£	£
Equities	3,060	2,755
Gov. Bonds	500	388
Other Bonds	72	85
Property	315	302
Cash	68	28
Other	486	-
Total	4,501	3,558

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2016

25. Pensions (continued)

Osprey Housing Moray (formerly Moray Housing Partnership) - SHAPs

The company participates in the scheme, a multi-employer scheme which provides benefits to over 150 non-associated employers. The scheme is a defined benefit scheme in the UK.

It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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 company 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.

A full actuarial valuation for the scheme was carried out at 30 September 2012. This actuarial valuation showed assets of £394m, liabilities of £698m and a deficit of £304m. To eliminate this funding shortfall, the trustees and the participating employers have agreed that additional contributions will be paid to the scheme as follows:

Deficit contributions

From 1 April 2014 to 30 September 2027 - £26,304,000 per annum (payable monthly and increasing by 3% each year on 1st April).

A full actuarial valuation for the scheme was carried out at 30 September 2015. This actuarial valuation showed assets of £616m, liabilities of £814m and a deficit of £198m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

From 1 April 2017 to 28 February 2022 - £25,735,092 per annum (payable monthly and increasing by 3% each year on 1st April).

From 1 April 2017 to 30 June 2025 - £727,217 per annum (payable monthly and increasing by 3% each year on 1st April).

From 1 April 2017 to 31 October 2026 - £1,239,033 per annum (payable monthly and increasing by 3% each year on 1st April).

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2017

25. Pension Fund (continued)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the scheme liabilities.

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

Present Values of Provision Reconciliation of Opening and Closing Provisions

	Period Ending 31 March 2017 (£)	Period Ending 31 March 2016 (£)
Provision at start of period	143,916	153,000
Unwinding of the discount factor (interest expense)	3,157	3,000
Deficit contribution paid	(12,186)	(11,000)
Remeasurements - impact of any change in assumptions	(2,168)	(1,000)
Remeasurements - amendments to the contribution schedule	(62,546)	-
Provision at end of period	74,509	144,000

Income and Expenditure Impact

	Period Ending 31 March 2017 (£)	Period Ending 31 March 2016 (£)
Interest expense	3,157	3,000
Remeasurements – impact of any change in assumptions	2,168	(1,000)
Remeasurements – amendments to the contribution schedule	(62,546)	-

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2017

25. Pension Fund (continued)

Assumptions

	31 March 2017	31 March 2016	31 March 2015
	% per annum	% per annum	% per annum
Rate of discount	1.06	2.29	2.22

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield curve to discount the same recovery plan contributions.

The following schedule details the deficit contributions agreed between the company and the scheme at each year end period:

Deficit Contributions Schedule

Year ending	31 March 2017	31 March 2016	31 March 2015
	(£s)	(£s)	(£s)
Year 1	14,663	12,186	11,832
Year 2	15,102	12,552	12,186
Year 3	15,555	12,929	12,552
Year 4	16,022	13,316	12,929
Year 5	15,128	13,716	13,316
Year 6	-	14,127	13,716
Year 7	-	14,551	14,127
Year 8	-	14,988	14,551
Year 9	-	15,437	14,988
Year 10	-	15,901	15,437
Year 11	-	16,378	15,901
Year 12	-	8,434	16,378
Year 13	-	-	8,434
Year 14	-	-	-

The company must recognise a liability measured as the present value of the contributions payable that arise from the deficit recovery agreement and the resulting expense in the income and expenditure account i.e. the unwinding of the discount rate as finance cost in the period in which it arises.

It is these contributions that have been used to derive the company's balance sheet liability.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2017

26. Contingent Liability

The Society 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 2016. As of this date the estimated employer debt for Osprey Housing Moray was £514,303.

27. Related Party Transactions

Osprey Housing Limited recharged £157,446 (2016: £57,129) of expenses relating to Osprey Initiatives Limited (AHP Developments Limited) and £40,306 (2016: £17,000) in relation to the lease of housing stock on operating leases.

Osprey Initiatives incurred expenditure of £18,143 (2016: £nil) on behalf of Osprey Housing Limited.

The balance due to Osprey Initiatives Limited at the year-end was £6,487 (2016: (£11)).

Osprey Housing Limited charged Osprey Housing Moray (formerly Moray Housing Partnership) loan interest of £nil (2016: £1,250). In addition, expenditure incurred on behalf of Osprey Housing Moray (formerly Moray Housing Partnership) during the same period amounted to £478,065 (2016: £325,898).

Osprey Housing Moray (formerly Moray Housing Partnership) incurred expenditure of £157,446 (2016: £18,531) on behalf of Osprey Housing Limited which has been recharged and paid during the year.

The total amount due from Osprey Housing Moray at the year-end was £15,401 (2016: £3,352).

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 2017, 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.

OSPREY HOUSING LIMITED
(Company Limited by Guarantee)

NOTES TO THE FINANCIAL STATEMENTS (Continued)

AS AT 31 MARCH 2017

28. Post Balance Sheet Event

OHM has secured a 5 year Revolving Credit Facility (RCF) from Lloyds Bank plc to facilitate delivery of its Development Programme.

29. Ultimate controlling party

The Directors believe that Osprey Housing Limited (formerly Aberdeenshire Housing Partnership) is the ultimate controlling party of the Group.

30. Members' Guarantee

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

Membership at 31 March 2017 totalled 10 (2016: 11).

