



Landlord Name:	Oak Tree Housing Association Ltd
RSL Reg No.:	137
Report generated date:	09/11/2020 11:18:22

Approval

A1.1	Date approved	03/08/2020
A1.2	Approver	Alana Durnin
A1.3	Approver job title	Finance Director

Audited Financial Statements (AFS) 2019-2020

STATEMENT OF COMPREHENSIVE INCOME



Scottish Housing
Regulator

	Current Year	Prior Year
	£'000	£'000
Turnover	11,715.4	10,362.4
Operating costs	(9,475.0)	(8,207.6)
Gain/(loss) on disposal of property, plant and equipment	(25.5)	(6.3)
Exceptional items	0.0	(393.5)
Operating surplus/(deficit)	2,214.9	1,755.0
Share of operating surplus/(deficit) in joint ventures and associates	0.0	0.0
Interest receivable	104.3	92.8
Interest payable	(254.6)	(721.5)
Other financing (costs)/income	(88.0)	(93.8)
Release of negative goodwill	0.0	0.0
Movement in fair value of financial instruments	0.0	0.0
Decrease in valuation of housing properties	0.0	0.0
Reversal of previous decrease in valuation of housing properties	0.0	0.0
Total	(238.3)	(722.5)
Surplus/(deficit) before tax	1,976.6	1,032.5
Tax (payable)/recoverable	0.0	0.0
Surplus/(deficit) for the year	1,976.6	1,032.5
Actuarial (loss)/gain in respect of pension schemes	1,710.0	(1,095.2)
Change in fair value of hedged financial instruments	0.0	0.0
Total comprehensive income for the year	3,686.6	(62.7)

Audited Financial Statements (AFS) 2019-2020

STATEMENT OF CHANGES IN EQUITY

	Share capital	Revenue reserve Restricted fund	Revenue reserve Unrestricted fund	Restricted reserve	Revaluation reserve
	£'000	£'000	£'000	£'000	£'000
Balance at beginning of the year	0.2	(1,974.0)	26,632.3	0.0	0.0
Issue of shares	0.0	0.0	0.0	0.0	0.0
Cancellation of shares	0.0	0.0	0.0	0.0	0.0
Surplus/(deficit) from statement of comprehensive income	0.0	1,710.0	1,976.6	0.0	0.0
Transfer from revaluation reserve to revenue reserve	0.0	0.0	0.0	0.0	0.0
Transfer of restricted expenditure from unrestricted reserve	0.0	258.0	(258.0)	0.0	0.0
Balance at end of the year	0.2	(6.0)	28,350.9	0.0	0.0

	Total excluding non-controlling interest	Non-controlling interest	Total including non-controlling interest
	£'000	£'000	£'000
Balance at beginning of the year	24,658.5	0.0	24,658.5
Issue of shares	0.0	0.0	0.0
Cancellation of shares	0.0	0.0	0.0
Surplus/(deficit) from statement of comprehensive income	3,686.6	0.0	3,686.6
Transfer from revaluation reserve to revenue reserve	0.0	0.0	0.0
Transfer of restricted expenditure from unrestricted reserve	0.0	0.0	0.0
Balance at end of the year	28,345.1	0.0	28,345.1

Audited Financial Statements (AFS) 2019-2020



Scottish Housing
Regulator

STATEMENT OF FINANCIAL POSITION

	Current Year	Prior Year
	£'000	£'000
Non-current assets		
Intangible assets and goodwill	0.0	0.0
Housing properties - NBV	97,059.5	96,276.8
Negative goodwill	0.0	0.0
Net housing assets	97,059.5	96,276.8
Non-current investments	102.5	102.5
Other plant, property and equipment	1,095.5	1,075.3
Investments in joint ventures and associates	0.0	0.0
Total non-current assets	98,257.5	97,454.6
Receivables due after more than one year	750.0	877.2
Current assets		
Investments	0.0	0.0
Stock and work in progress	0.0	0.0
Trade and other receivables due within one year	725.5	652.4
Cash and cash equivalents	13,185.0	7,596.9
Total current assets	13,910.5	8,249.3
Payables: amounts falling due within one year	(7,810.2)	(2,193.7)
Deferred income: amounts falling due within one year		
Scottish housing grants (SHG)	(2,130.8)	(2,068.5)
Other grants	(8.7)	(8.7)
Total deferred income: amounts falling due within one year	(2,139.5)	(2,077.2)
Net current assets/(liabilities)	3,960.8	3,978.4
Total assets less current liabilities	102,968.3	102,310.2
Payables: amounts falling due after more than one year	(16,341.5)	(15,892.7)
Provisions	0.0	0.0
Pension asset/(liability)	(6.0)	(1,974.0)
Deferred income: amounts falling due after more than one year		
Scottish housing grants (SHG)	(57,996.3)	(59,496.9)
Other grants	(279.4)	(288.1)
Total deferred income: amounts falling due after more than one year	(58,275.7)	(59,785.0)
Total long term liabilities	(74,623.2)	(77,651.7)
Net assets	28,345.1	24,658.5
Capital and reserves		
Share capital	0.2	0.2
Revaluation reserves	0.0	0.0
Restricted reserves	0.0	0.0
Revenue reserves	28,344.9	24,658.3
Total reserves	28,345.1	24,658.5

Audited Financial Statements (AFS) 2019-2020

STATEMENT OF CASH FLOWS



	Current Year	Prior Year
	£'000	£'000
Net cash inflow/(outflow) from operating activities	3,652.0	3,373.5
Tax (paid)/refunded	0.0	0.0
<u>Cash flow from investing activities</u>		
Acquisition and construction of properties	(5,803.8)	(2,413.0)
Purchase of other non-current assets	(88.1)	(675.9)
Sales of properties	161.6	78.1
Sales of other non-current assets	127.1	127.1
Capital grants received	6,924.2	1,976.2
Capital grants repaid	(69.4)	(195.0)
Interest received	101.7	92.7
Net cash inflow/(outflow) from investing activities	1,353.3	(1,009.8)
<u>Cash flow from financing activities</u>		
Interest paid	(252.4)	(721.5)
Interest element of finance lease rental payment	0.0	0.0
Share capital received/(repaid)	0.0	0.0
Funding drawn down	1,809.0	0.0
Funding repaid	(973.8)	(795.5)
Early repayment and associated charges	0.0	(442.3)
Capital element of finance lease rental payments	0.0	0.0
Withdrawal from deposits	0.0	0.0
Net cash inflow/(outflow) from financing activities	582.8	(1,959.3)
Net change in cash and cash equivalents	5,588.1	404.4
Cash and cash equivalents at beginning of the year	7,596.9	7,192.5
Cash and cash equivalents at end of the year	13,185.0	7,596.9

Particulars of turnover, operating costs and operating surplus or deficit – Current Year

	Turnover	Operating Costs	Operating Surplus/(Deficit)
	£'000	£'000	£'000
Affordable letting activities	11,258.2	(8,906.5)	2,351.7
Other activities	457.2	(568.5)	(111.3)
Total	11,715.4	(9,475.0)	2,240.4

Particulars of turnover, operating costs and operating surplus or deficit – Prior Year

	Turnover	Operating Costs	Operating Surplus/(Deficit)
	£'000	£'000	£'000
Affordable letting activities			
Other activities			
Total			

Audited Financial Statements (AFS) 2019-2020
Particulars of turnover, operating costs and operating surplus or deficit from affordable letting activities

	General Needs Social Housing	Supported Social Housing Accommodation	Shared Ownership Housing	Other	Current Year Total	Prior Year Total
	£'000	£'000	£'000	£'000	£'000	£'000
Rent receivable	7,460.1	281.6	266.0	0.0	8,007.7	7,694.0
Service charges	100.4	18.6	9.1	0.0	128.1	120.5
Gross income	7,560.5	300.2	275.1	0.0	8,135.8	7,814.5
Voids	(172.5)	(5.2)	0.0	0.0	(177.7)	(151.4)
Net income	7,388.0	295.0	275.1	0.0	7,958.1	7,663.1
Grants released from deferred income	3,042.7	74.3	93.2	0.0	3,210.2	2,077.2
Revenue grants from Scottish Ministers	88.9	0.0	0.0	0.0	88.9	112.3
Other revenue grants	1.0	0.0	0.0	0.0	1.0	0.0
Total turnover: letting	10,520.6	369.3	368.3	0.0	11,258.2	9,852.6
Management and maintenance administration costs	(2,129.4)	(80.4)	(75.9)	0.0	(2,285.7)	(2,225.7)
Service costs	(133.2)	(24.7)	(12.1)	0.0	(170.0)	(204.1)
Planned maintenance	(513.3)	(14.1)	0.0	0.0	(527.4)	(437.1)
Reactive maintenance	(925.1)	(30.3)	0.0	0.0	(955.4)	(1,223.5)
Bad debts written (off)/back	(40.2)	0.0	0.0	0.0	(40.2)	(31.1)
Depreciation: housing	(4,678.4)	(124.0)	(125.4)	0.0	(4,927.8)	(3,355.9)
Impairment	0.0	0.0	0.0	0.0	0.0	0.0
Operating costs	(8,419.6)	(273.5)	(213.4)	0.0	(8,906.5)	(7,477.4)
Operating surplus/(deficit)	2,101.0	95.8	154.9	0.0	2,351.7	2,375.2
Prior Year						
Total turnover: letting	9,139.4	342.9	370.3	0.0		
Operating costs	(6,999.2)	(258.3)	(219.9)	0.0		
Operating surplus/(deficit)	2,140.2	84.6	150.4	0.0		

Audited Financial Statements (AFS) 2019-2020
Particulars of turnover, operating costs and operating surplus or deficit from other activities

	Grants from Scottish Ministers	Other revenue grants	Supporting people income	Other income	Total turnover	Other operating costs	Current Year Operating surplus/(deficit)	Prior Year Operating surplus/(deficit)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Wider role	0.0	0.0	0.0	41.8	41.8	(92.0)	(50.2)	(47.2)
Care and repair	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Investment property activities	0.0	0.0	0.0	21.6	21.6	0.0	21.6	17.0
Factoring	0.0	0.0	0.0	123.9	123.9	(130.3)	(6.4)	1.1
Support activities	0.0	0.0	0.0	26.8	26.8	(45.8)	(19.0)	(20.5)
Care activities	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contracted out services undertaken for RSLs	0.0	0.0	0.0	170.9	170.9	(170.9)	0.0	0.0
Contracted out services undertaken for others	0.0	0.0	0.0	0.6	0.6	(0.5)	0.1	3.2
Developments for sale to RSLs	0.0	0.0	0.0	21.6	21.6	(129.0)	(107.4)	(174.0)
Developments for sale to non-RSLs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Uncapitalised development administration costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other activities	0.0	0.0	0.0	50.0	50.0	0.0	50.0	0.0
Current Year Total	0.0	0.0	0.0	457.2	457.2	(568.5)	(111.3)	
Prior Year Total	49.3	0.0	0.0	460.5	509.8	(730.2)	(220.4)	

Audited Financial Statements (AFS) 2019-2020

ANALYSIS - UNITS

	General Needs Social Housing	Supported Social Housing Accommodation	Shared Ownership Housing	Other	Current Year Total	Prior Year Total
Units owned and managed at year end	1740	57	94	0	1891	1860
Units managed, not owned at year end	0	0	0	0	0	0
Units owned, not managed at year end	0	0	0	0	0	0
Units held for demolition at year end	0	0		0	0	0
Total units owned / managed	1740	57	94	0	1891	1860

COST PER UNIT - Current Year

	General Needs Social Housing	Supported Social Housing Accommodation	Shared Ownership Housing	Other	Total
Management & maintenance administration	£1,224	£1,411	£807		£1,209
Planned maintenance	£295	£247	£0		£279
Reactive maintenance	£532	£532	£0		£505
Total direct maintenance	£827	£779	£0		£784
Total management & maintenance	£2,050	£2,189	£807		£1,993

COST PER UNIT - Prior Year

	General Needs Social Housing	Supported Social Housing Accommodation	Shared Ownership Housing	Other	Total
Management & maintenance administration					
Planned maintenance					
Reactive maintenance					
Total direct maintenance					
Total management & maintenance					

Audited Financial Statements (AFS) 2019-2020

SUPPLEMENTARY ITEMS



Scottish Housing
Regulator

	Current Year	Prior Year
	£'000	£'000
Chief Executive emoluments excluding pension contributions	94.7	92.2
Total key management personnel emoluments	413.4	408.1
Total staff costs	1,779.9	2,003.8
External auditors' fees – audit	8.2	8.3
External auditors' fees – other	2.2	2.0
Capitalised maintenance costs	800.8	1,135.7
Capitalised development administration costs	0.0	0.0
Capitalised interest costs	0.0	0.0
Accumulated depreciation	48,036.3	43,698.0
Receivables - net rental	123.3	98.5
Total Pension deficit recovery payments due	0.0	0.0
Housing loans due within one year	1,207.2	820.8
Housing loans due after more than one year	16,341.5	15,892.7
Other loans due within one year	0.0	0.0
Other loans due after more than one year	0.0	0.0
Overdraft / bridging finance	0.0	0.0
Intra-group loans due within one year	0.0	0.0
Intra-group loans due after more than one year	0.0	0.0
Intra-group lending	877.2	1,004.3
Intra-group receivables (trading)	12.6	29.6
Other intra-group payables (trading)	19.3	14.5



Audited Financial Statements (AFS) 2019-2020

CONTEXTUAL INFORMATION

Accounting year end	March	
Date financial statements authorised	03/08/2020	
Are the financial statements qualified?	No	
Were there any emphasis of matter points raised in the audit report?	No	
External auditors' name	Alexander Sloan	
Number of years since a full procurement exercise was undertaken for the external auditor	2	
Internal auditors' name	TIAA	
Number of years since a full procurement exercise was undertaken for the internal auditor	1	
Do you have an Audit Committee?	No	
Do you have a Treasury Management Strategy?	Yes	
How do you account for capital grant income?	Accruals method	
Calendar year of last housing asset revaluation	N/A	
Contingent liabilities	Legal action	<input type="checkbox"/>
	LSVT contract compliance	<input type="checkbox"/>
	Pension	<input type="checkbox"/>
	Repayment of SHG	<input type="checkbox"/>
	Other	<input type="checkbox"/>
	None	<input checked="" type="checkbox"/>
SHAPS financial assessment risk rating	Low	
Are you appealing this risk rating?	N/A	
How many staff members not currently contributing to any scheme?	3	
Staff Pension Schemes		
Which scheme(s) are you members of?	How many participating members in each scheme?	
SHAPS final salary	19	
SHAPS CARE 70th	6	
SHAPS CARE 120th	6	
SHAPS DC	10	

RATIOS

	Current Year	Prior Year	Prior Year Sector Median
Financial capacity			
Interest cover	1487.2%		404.8%
Gearing	15.4%		57.1%
Efficiency			
Voids	2.2%		0.6%
Arrears	1.5%		2.2%
Bad debts	0.5%		0.7%
Staff costs / turnover	15.2%		20.2%
Key management personnel / staff costs	23.2%		15.9%
Turnover per unit	£6,195		£5,121
Responsive repairs to planned maintenance ratio	1.4		1.8
Liquidity			
Current ratio	1.4		1.8
Profitability			
Gross surplus / (deficit)	18.9%		19.9%
Net surplus / (deficit)	16.9%		12.6%
EBITDA / revenue	54.1%		30.0%
Financing			
Debt burden ratio	1.5		2.1
Net debt per unit	£2,308		£6,784
Debt per unit	£9,280		£10,311
Diversification			
Income from non-rental activities	31.9%		18.0%

Comments

Page	Field	Comment
SOCI	Operating costs	Additional £1.5M of depreciation due to properties being earmarked for demolition.
SOCI	Gain/(loss) on disposal of property plant and equipment	Sold more shared ownership properties during 2019/20
SOCI	Actuarial (loss)/gain in respect of pension schemes	Change in pension liability at year end per actuarial valuation.
SOCE	Surplus/(deficit) from statement of comprehensive income - Non-controlling interest & Totals	Mainly linked to change in pension valuation being a gain of over £1.7M at year end.
SOFP	Receivables due after more than one year	This is an inter company loan, balance due in more than one year.
SOFP	Payables: amounts falling due within one year	Received £4.92M Allia Bond in advance of development site starting
SOCF	Acquisition and construction of properties	Increased development work took place during 2019/20 to build new build properties
SOCF	Sales of properties	Sold 3 shared ownership properties during the year
SOCF	Capital grants received	Includes £4.72M Allia Bond received in advance. There was also £1M of accelerated grants for properties to be demolished.
Analysis - Affordable Lettings	Voids	We seen increased voids in Maple Road, which are the properties now marked for demolition.
Analysis - Affordable Lettings	Grants released from deferred income	£1M accelerated grants for properties to be demolished
Analysis - Affordable Lettings	Grants from Scottish Ministers	Less adaptation work undertaken in 19/20
Analysis - Affordable Lettings	Service costs	Reduction in service costs due to no landscaping work carried out for 4 months plus delay in new contract starting due to covid-19
Analysis - Affordable Lettings	Planned maintenance	More planned maintenance was carried out in 2019/20
Analysis - Affordable Lettings	Reactive maintenance	New contractor meant we had less average cost per job and overall less jobs throughout the year

Page	Field	Comment
Analysis - Affordable Lettings	Bad debts written (off)/back	slightly higher than in prior year however lower than had been budgeted for 19/20
Analysis - Affordable Lettings	Depreciation: housing	Additional depreciation for properties to be demolished.
Analysis - Other Activities	Investment property activities	Properties not rented out in 18/19 were rented in 19/20
Analysis - Other Activities	Factoring	Higher bad debts for factoring during 2019/20
Analysis - Other Activities	Contracted out services undertaken for others	This service ended on 31 March 2019, income and costs in 2019/20 were minimal
Analysis - Other Activities	Developments for sale to RSLs	Prior year included abortive development costs of £78k for site that did not go ahead.
Analysis - Other Activities	Other activities	First year of subsidiary making a surplus and gifting this to OTHA as the parent company
Supplementary Items	Capitalised maintenance costs	High volume of contract work was carried into 20/21 for various reasons and some work was on hold until a decision about demolishing properties was made.
Supplementary Items	Receivables - net rental	9.5% increase in arrears compared to last year
Supplementary Items	Housing loans due within one year	Additional loans drawn down in 2019/20 due to development programme
Supplementary Items	Intra-group receivables (trading)	This is purely a timing variance of when invoices were raised for work done before the year end
Supplementary Items	Other intra-group payables (trading)	This is purely a timing variance of when invoices were received and paid for work done before the year end