

## FINANCIAL STATEMENT - YEAR TO MARCH 2024

- Oak Tree Housing Association continues to manage its finances with a long term, strategic focus. The past year continued to be challenging for the sector given the unstable economy and the cost-of-living crisis facing our customers.
- Oak Tree Housing Association made an annual surplus of £1.42M in the year to 31st March 2024, which is an increase from £976K in the previous year. Turnover increased by 7% while operating costs increased by 3%. Net interest costs and gains/losses on sale/revaluation of properties reduced surplus by a further £382k (£266k in 2022/23). The increase in net interest costs is linked to higher interest payable.
- Following the end of a highly successful funded project, Pathways to Construction, 2023/24 seen the start of a 2-year pilot to bring our landscaping services in house. The project will deliver the open space landscaping maintenance across all our stock. The service has provided local jobs, improved the service we deliver and has been receiving positive feedback from both staff and customers. Ahead of the second year of the pilot, the team are now fully resourced, equipped and trained to deliver the service to its full potential. The pilot will be assessed in detail over the coming year to determine if it is a cost-effective way to deliver the service.
- The Association returned to a full planned and cyclical maintenance programme during 2023/24, following reduced services during the covid-19 pandemic.
- During 2022/23 and 2023/24 we worked with Inverclyde Council and the Scottish Government to successfully let 17 of our refurbished units as part of the Ukrainian Resettlement Scheme. This has been rewarding for the Association, ensuring the resettled families feel safe and secure in their new homes.
- Along with Cloch and Larkfield Housing Associations we continued to successfully run the Inverclyde Common Housing Register and provide joint support to our partners at Starter Packs and Financial Fitness. We have worked with Link Living to provide tenant sustainability services to tenants during the year, which has been well received.
- Going forward, the Association anticipates another busy year. Our Business Plan covering 2024 – 2027 will start and a new Chief Executive Officer (CEO) will join the Association during the second half of the financial year, following the retirement of the current CEO after 32 years in post.

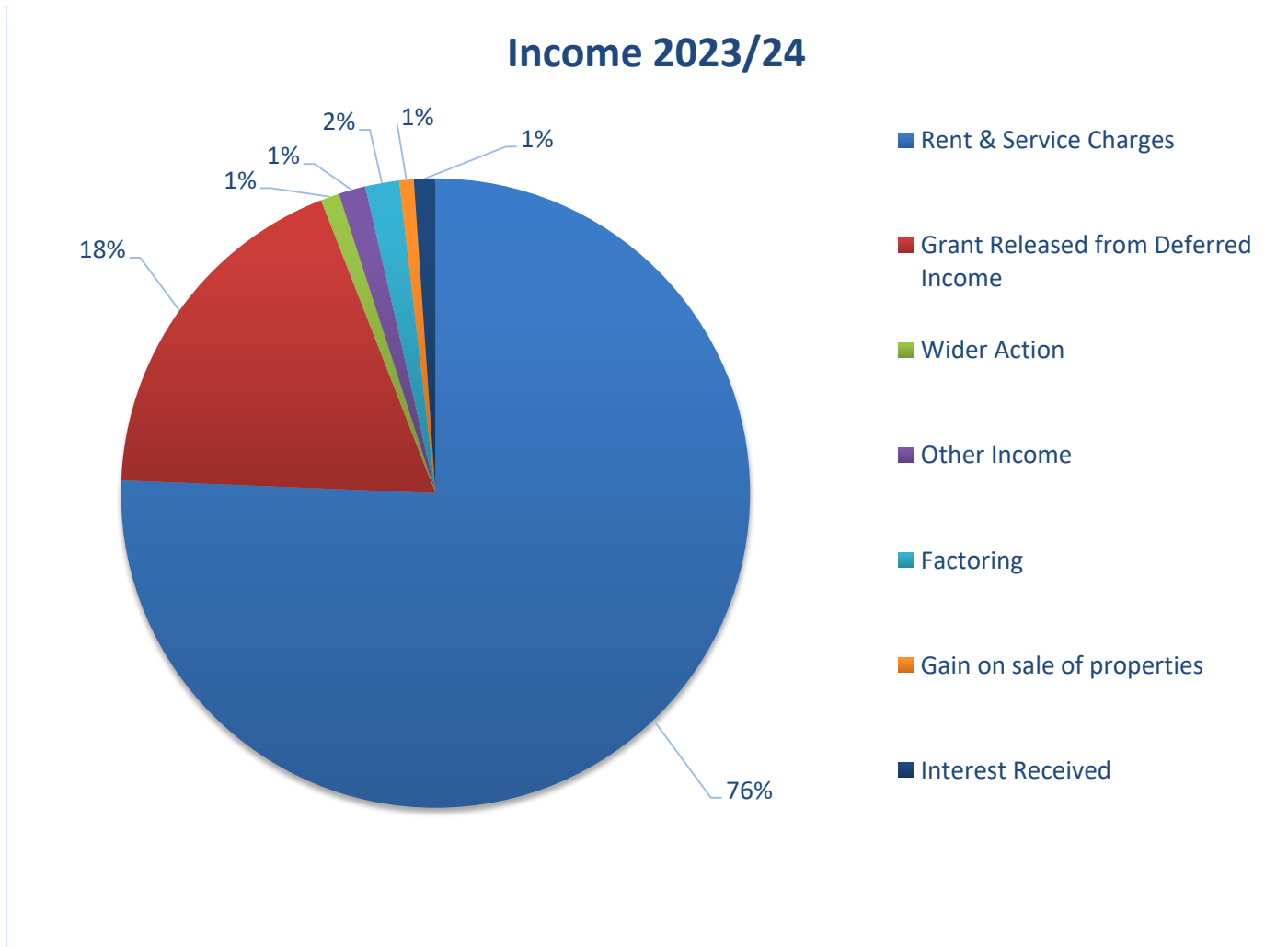
The table below highlights the main sources of annual income and expenditure for Oak Tree Housing Association:

Statement of Comprehensive Income	31/03/2023 £	31/03/2022 £	A Non-Accountants Guide to the Accounts
Turnover	12,599,556	11,724,748	Overall Revenue includes rental income and service charges less rent lost from void properties, as well as grant income from the Scottish Government released over the useful life of our assets and grants for medical adaptations to our properties.
Less: Operating Costs	(10,174,847)	(9,897,610)	Cost of management and maintenance of our properties. Including staff time, paying contractors, depreciation charges, mortgage costs, providing our factoring and landscaping services and our wider action work within the local community.
<b>OPERATING SURPLUS</b>	<b>2,424,709</b>	<b>1,827,138</b>	Surplus or Deficit before any accounting adjustments.
Profit / (Loss) on sale and valuation of properties	65,523	119,710	Gain or (Loss) from the sale/purchase/revaluation of properties e.g. changes in shared ownership, market valuation of commercial properties.
Interest receivable and other income	141,669	32,123	Interest earned from money invested in fixed term deposit accounts. Increased in 2023/24 due to increasing interest rates.
Interest payable and similar charges	(532,157)	(365,980)	Interest paid on loans (mortgages), increased in 2023/24 due to the rise in interest rates impacting our variable loan.
Other finance charges	(57,482)	(51,390)	Loan non-utilisation fees, loan set-up fees and any actuarial movement on the pension liability are included here. Non utilisation fees remained consistent with prior year, 2022/23 included loan set up fees. There was an actuarial movement on the pension liability of £23k meaning that there was a slight increase in the overall charges.
<b>SURPLUS FOR THE YEAR</b>	<b>2,042,262</b>	<b>1,561,601</b>	Overall net surplus for 2023/24, which will be utilised to fund future planned maintenance and ongoing maintenance of our properties.
<b>Other Comprehensive Income</b>			
Adjustment relating to Pension Liability	(620,000)	(586,000)	Increase in pension liability related to the accounting method used to value the defined benefit pension liability.
<b>TOTAL COMPREHENSIVE INCOME</b>	<b>1,422,262</b>	<b>975,601</b>	

The table below shows our long term financial position, taking account of assets and liabilities:

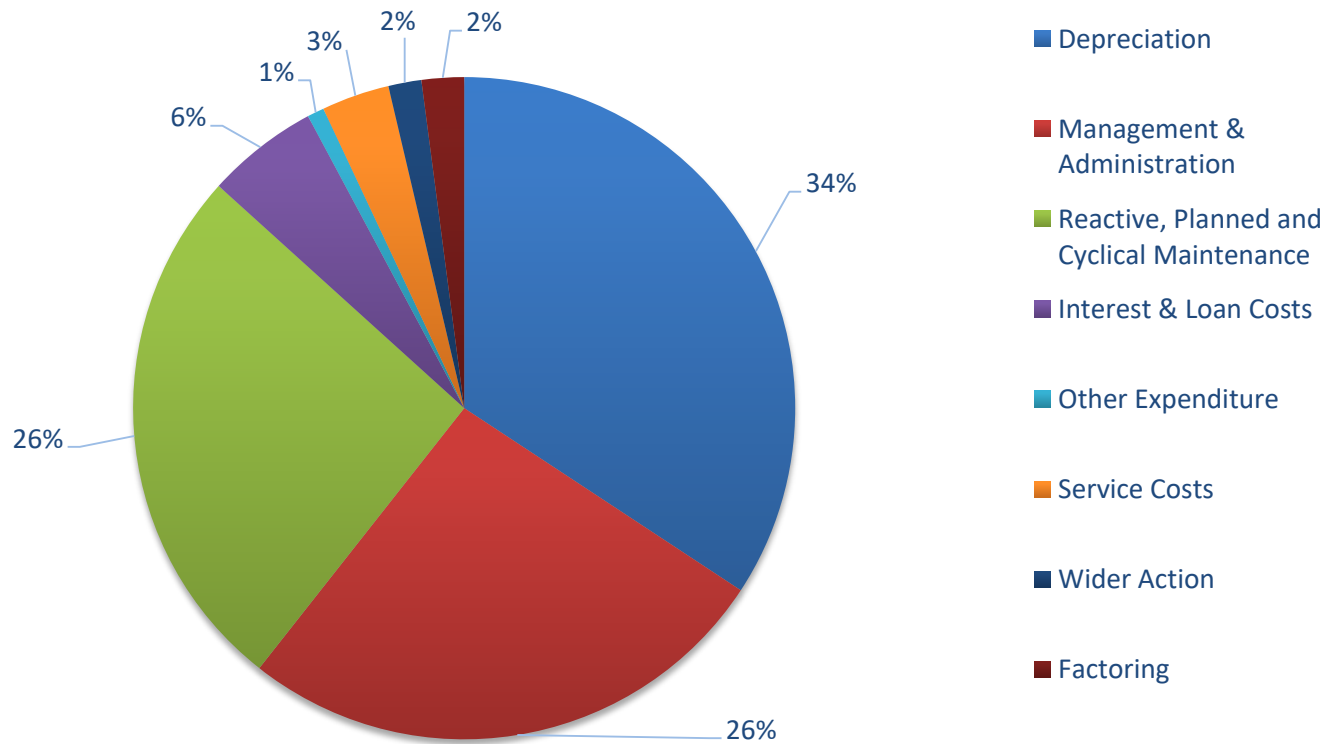
Statement of Financial Position	31/03/2024 £	31/03/2023 £	A Non-Accountants Guide to the Accounts
Housing properties, less depreciation	108,660,926	104,314,396	This is the net value of our houses, including replacement kitchens and bathrooms
Other fixed assets	1,991,276	2,050,370	This is the value of our office accommodation, IT and office equipment.
	<b>110,652,202</b>	<b>106,364,766</b>	
Investments	126,001	92,501	Commercial offices we rent out and a £1 share in our subsidiary, Oak Tree Housing Initiatives.
<b>Assets and Liabilities</b>			
Receivables	496,151	612,059	Money owned to us, including rent, recharges outstanding, grant income, refunds, etc.
Cash held	5,271,385	6,073,406	Money in the bank. Lower cash balance at 31 March 2024 mainly as a result of repaying £1.5m to the Revolving Credit Facility (RCF) we hold with RBS. The repayment was made to reduce interest payable.
Creditors due in 1 year	(2,537,096)	(3,154,859)	Money we owe to others. Lower balance at 31 March 2024 is mainly due to owing lower retentions on our new build developments sites. The repayment of £1.5m to the RBS RCF also impacts the loans due to be paid within 1 year.
Creditors due after 1 year	(15,967,993)	(17,749,781)	Money owed on our loans (i.e. our mortgages, secured on our properties). Reduction in 2024 is due to the repayment of £1.5m to RBS RCF) and monthly repayments made against our Nationwide loans. This figure also includes the liability related to the defined benefit pension scheme, which has increased from £474k to £1.117M.
<b>Deferred Income</b>			
Social Housing Grant	(63,821,219)	(59,432,205)	Grants provided by the Scottish Government to help fund building new affordable homes.
Other Grant	(253,142)	(261,867)	
	<b>33,966,289</b>	<b>32,544,020</b>	
<b>Capital and Reserves</b>			
Share Capital	201	193	Represents shares held by members, at £1 each.
Revenue Reserves	33,966,088	32,543,827	Sums built up in previous years and this year's surplus, less the pension reserve, to give the overall equity of the Association.
	<b>33,966,289</b>	<b>32,544,020</b>	

The charts below show the Income and Expenditure broken down into categories:



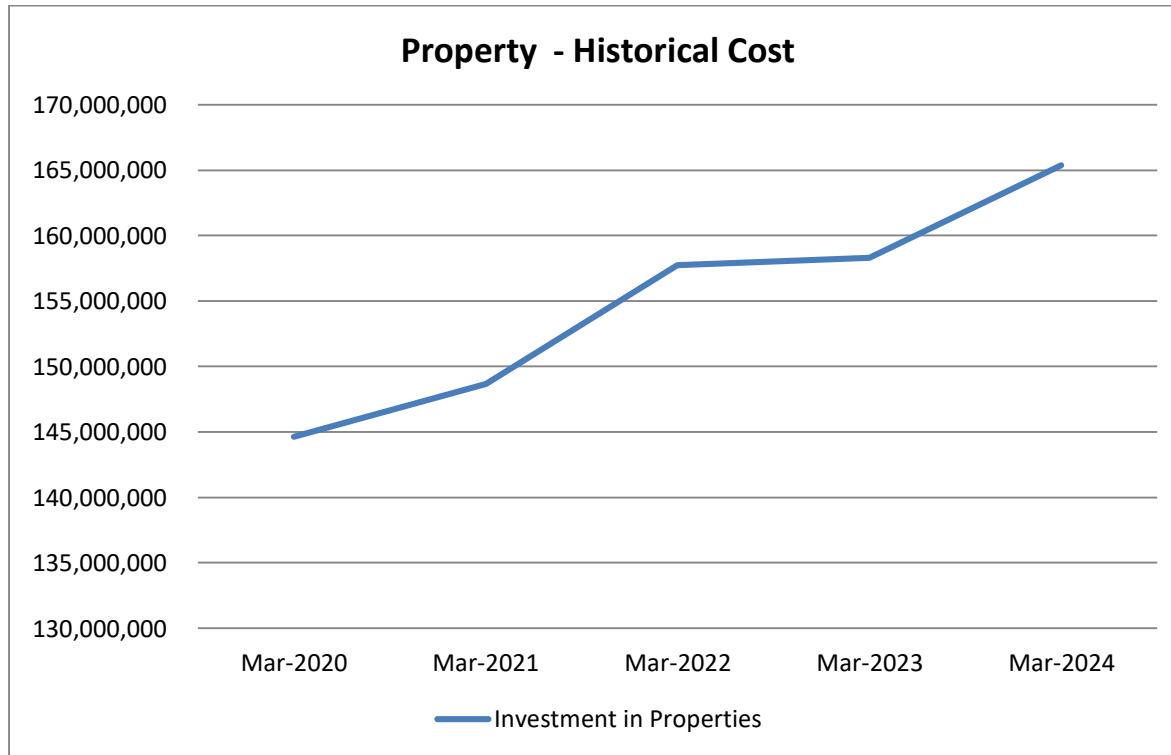
The Association's total income in 2023/24 was £12,838,198 including interest received and gain on sale of properties. 76% of this income came from net rent and service charges of £9,710,664, and 18% is deferred income from Government Grants of £2,364,996 in the year. The remaining 6% income, £762,538, is from medical adaptations grants, wider action, factoring, interest received, gain on sale of properties, common housing register, other grants, donation from subsidiary.

## Expenditure 2023/24



The Association's expenditure in 2023/24 was £10,764,486. The main expenses are management and administration costs of £2,838,011 (26%), reactive maintenance costs of £1,678,717 and planned & cyclical maintenance of £1,128,790, giving total maintenance costs totalled £2,807,507 (26%). Housing depreciation of £3,688,053 (34%) with the remaining operating costs of £1,430,915 (13%), being associated with other activities e.g. factoring, wider action, interest & loan costs, medical adaptations and common housing register.

The graph below shows how much we have invested in our properties over the past five years, with the value increasing from £144.6M in March 2020 to £165.4M by March 2024. During 2023/24 £8.2M was invested in our existing homes and building new homes.



The Association has invested £165,359,540 in properties held as of 31 March 2024.

Depreciation to date against this value amounts to £56,698,614.

Additions in the year include £8,073,257 of capitalised major repairs, including new boilers, kitchens, bathrooms and windows and £102,494 for housing under construction. This resulted in disposals of £1,107,159 of existing kitchens, bathrooms etc.

At the year-end the Association's housing properties have a net book value (cost less depreciation) of £108,660,926.