

FINANCIAL STATEMENT - YEAR TO MARCH 2025

- The 2024/25 financial year continued to be a period of considerable challenge and change across the social housing sector in Scotland. Nationally, Registered Social Landlords (RSLs) were faced with the combined impacts of high inflation, rising borrowing costs, and mounting regulatory expectations, particularly around building safety, tenant engagement, and decarbonisation.
- Oak Tree Housing Association ended the year in a strong financial position, with an operating surplus of £2.94 million and significant reinvestment of £1.45 million in the maintenance and improvement of our homes. Our turnover grew by 4.5% while operating costs consisted of a 0.5% increase, reflecting effective cost control across the organisation.
- Our Property Services team delivered significant capital investment during 2024–25. Major component replacement programmes were undertaken, including the installation of 109 new boilers, 108 new kitchens, and 41 sets of radiators and pipework. In addition, external decoration was carried out on 169 properties and common internal decoration completed in 29 closes, supporting our commitment to maintaining high-quality living environments.
- A significant milestone during the year was the decision by the Management Committee to abort the legacy development at Strone Farm. This followed an extensive review of costs, risks, and options after the original contractor entered liquidation during the COVID-19 pandemic. Despite concerted efforts to find an alternative developer, the scheme had become financially unviable due to significant cost inflation and site constraints. As a result of this decision, abortive development costs of £1.36M were written off in the 2024-25 accounts.
- A key operational development was the successful in-sourcing of our landscaping maintenance service. Following a two-year pilot, the Management Committee approved a permanent in-house model from April 2025. This has delivered improved service quality, greater flexibility, and enhanced customer responsiveness. The service now plays a vital role in our wider estate management and community engagement strategy.
- During 2024–25, we deepened our commitment to tenant participation and community development. We launched a new Community Engagement Officer post and delivered a range of initiatives aimed at promoting wellbeing and inclusion. Highlights included hosting a World Mental Health Day event in partnership with SAMH, a Christmas Dinner for over 60s in collaboration with Cloch Housing Association, and the creation of a Tenants and Residents Association in Ravenscraig.
- The retirement of our long-serving Chief Executive in September 2024 marked a significant leadership transition for Oak Tree. The appointment of our new CEO, Sean Connor, brings renewed energy and strategic focus. Under his leadership, the Association is developing a Customer First Strategy, building organisational resilience, and exploring further opportunities for service transformation.
- Looking forward Oak Tree's strategic priorities for 2025–26 include; preparation of our Customer First Strategy to reshape services around tenant feedback and expectations, further development of our in-house landscaping services, exploring the feasibility of bringing additional services in-house where this enhances control and value, strengthening digital services and customer engagement through a refreshed Digital Strategy, securing external funding to support our net zero and energy efficiency ambitions and supporting community resilience through partnerships and investment in tenant support initiatives.

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

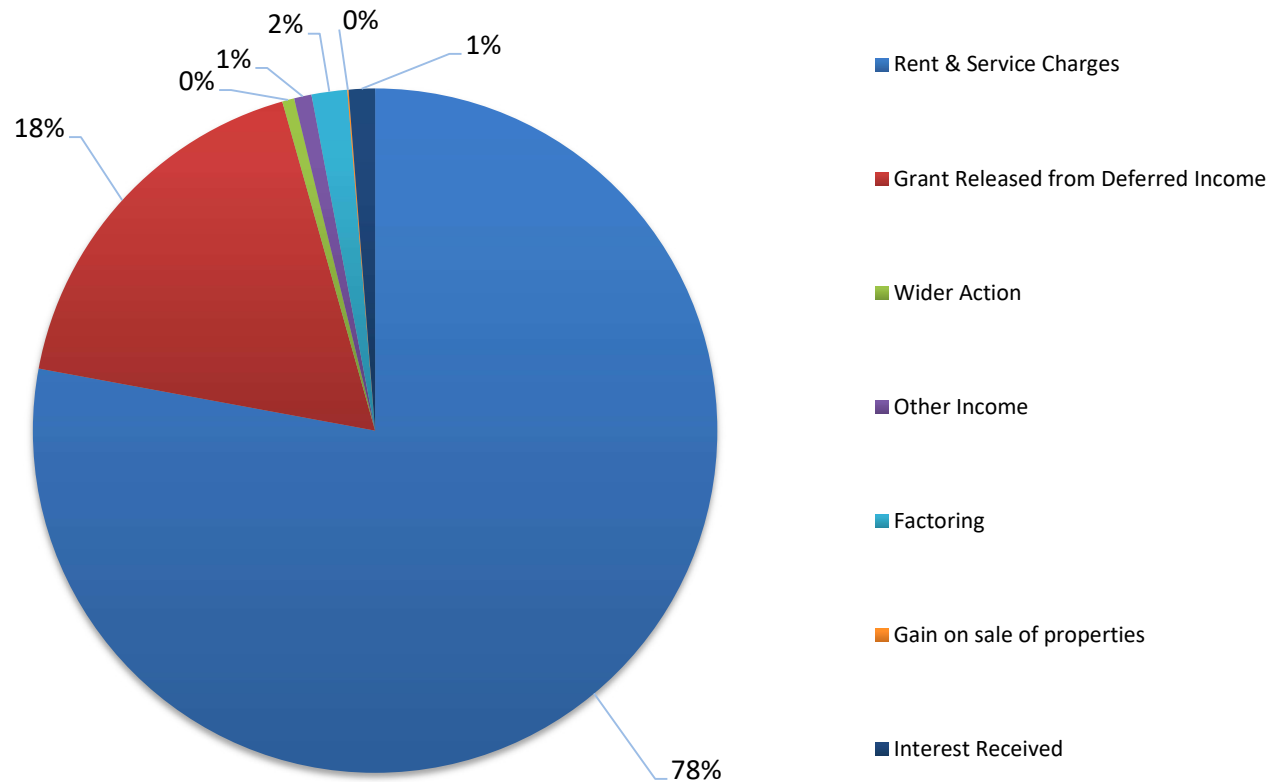
Statement of Comprehensive Income	31/03/2025 £	31/03/2024 £	A Non-Accountants Guide to the Accounts
Turnover	13,160,954	12,599,556	Overall Revenue includes rental income and service charges less rent less from void properties, as well as grant income from the Scottish Government released over the useful life of our assets and grants for medical adaptations to our properties.
Less: Operating Costs	(10,225,196)	(10,174,847)	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.
OPERATING SURPLUS	2,935,758	2,424,709	Surplus or Deficit before any accounting adjustments.
Gain / (Loss) on sale and revaluation of properties	6,672	65,523	Gain or (Loss) from the sale or purchase of properties, e.g. changes in shared ownership, and the revaluation of the market value of our commercial properties.
Abortive Costs	(1,361,192)	-	These are the costs incurred on the Strone Farm development project which has now been aborted.
Interest receivable and other income	165,689	141,669	Interest earned from money invested in fixed term deposit accounts.
Interest payable and similar charges	(781,633)	(532,157)	Interest paid on loans, (mortgages), increase is directly related to the rise in interest rates.
Other finance charges	(96,555)	(57,482)	Loan Non-Utilisation fees / Loan set-up fees and any actuarial movement on the pension liability are included here. Loan Non-Utilisation costs increased by £8k to £43k. The actuarial movement on the pension liability in the year to 31st March 2025 was £54k, up from £23k in 2024.
SURPLUS FOR THE YEAR	868,739	2,042,262	Overall net surplus for 2024/25, which will be utilised to fund future planned maintenance and ongoing maintenance of our properties.
Other Comprehensive Income			
Adjustment relating to Pension Liability	155,000	(620,000)	Movement in pension liability related to the accounting method used to value the pension liability.
TOTAL COMPREHENSIVE INCOME	1,023,739	1,422,262	

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

Statement of Financial Position	31/03/2025 £	31/03/2024 £	A Non-Accountants Guide to the Accounts
Housing properties, less depreciation	105,229,314	108,660,926	This is the net value of our houses, including replacement kitchens and bathrooms
Other fixed assets	1,934,974	1,991,276	This is the value of our office accommodation, IT and office equipment.
	107,164,288	110,652,202	
Investments	126,001	126,001	Commercial offices we rent out and a £1 share in our subsidiary.
<u>Assets and Liabilities</u>			
Receivables	503,477	496,151	Money owned to us, including rent, recharges outstanding, grant income, refunds, etc.
Stock & Work in progress	210,789	-	This is the cost of the Strone Farm land, which is being held for transfer in the future.
Cash held	4,071,764	5,271,385	Money in the bank. The cash balance has decreased by £1.2M at 31 March 2025. Note that we were able to repay £2m from cash reserves to the RBS Revolving Credit Facility.
Creditors due in 1 year	(3,308,118)	(2,537,096)	Money we owe to others. Lower balance at 31 March 2025 is driven by the repayment of £2M to the RBS credit facility & ongoing monthly repayments to our Nationwide loans. Plus grant due to be repaid to the Scottish Government for the Strone Farm aborted development.
Creditors due after 1 year	(13,375,833)	(15,967,993)	Money owed on our loans (i.e. our mortgage balances, secured by specific charges on our properties). Reduction in 2025 is due to the repayment of £2m to RBS Revolving Credit Facility & ongoing monthly repayments to our Nationwide loans. Plus grant due to be repaid to the Scottish Government for the Strone Farm aborted development.
<u>Deferred Income</u>			
Social Housing Grant & Other Grant	(60,402,336)	(64,074,361)	Grants provided by the Scottish Government to help fund building new affordable homes.
	34,990,032	33,966,289	
<u>Capital and Reserves</u>			
Share Capital	205	201	Represents shares held by members, at £1 each.
Revenue Reserves	34,989,827	33,966,088	Sums built up in previous years and this year's surplus, to ensure reserves are held for use in future years.
Pension Reserves	(1,016,000)	(1,117,000)	The pension reserve, currently in deficit.
	34,990,032	33,966,289	Overall equity of the Association.

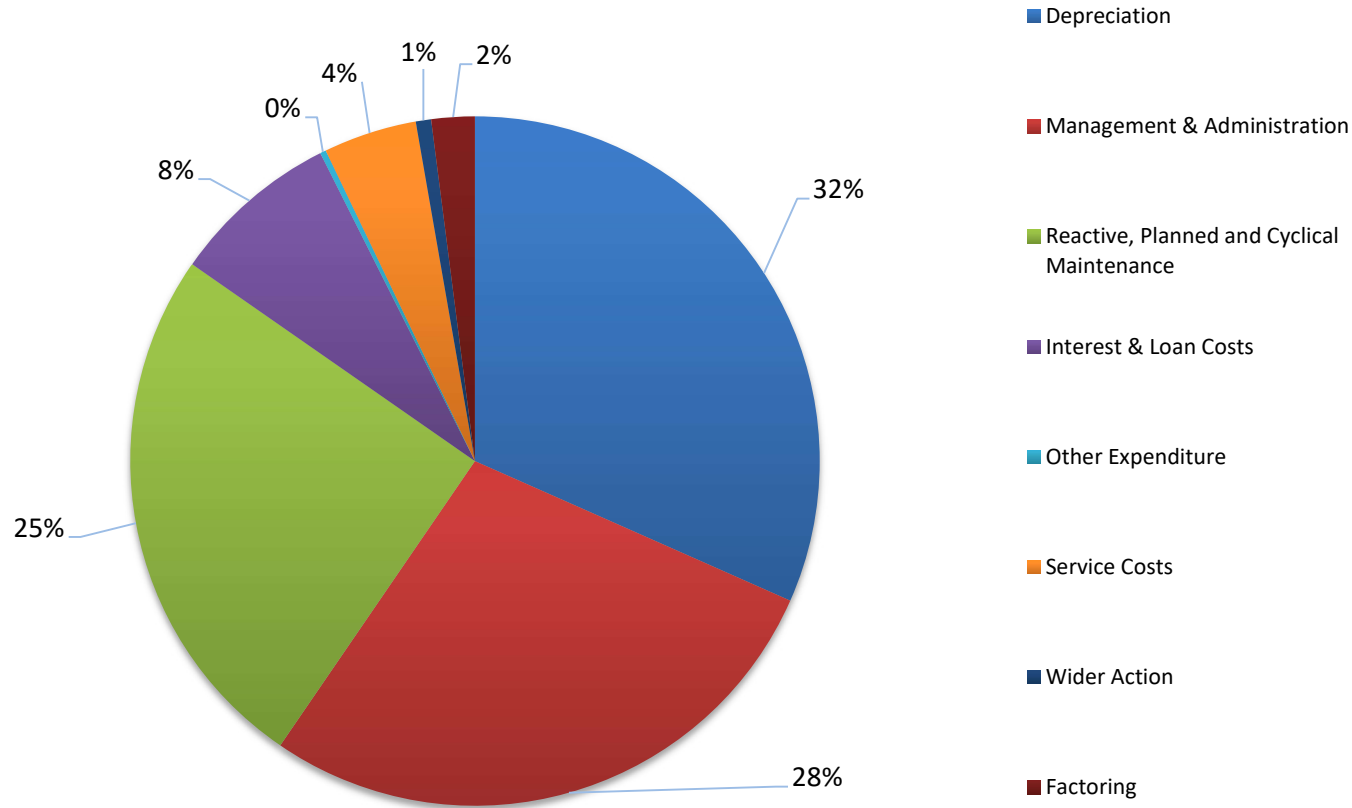
The charts below show the Income and Expenditure broken down into categories:

Income 2024/25



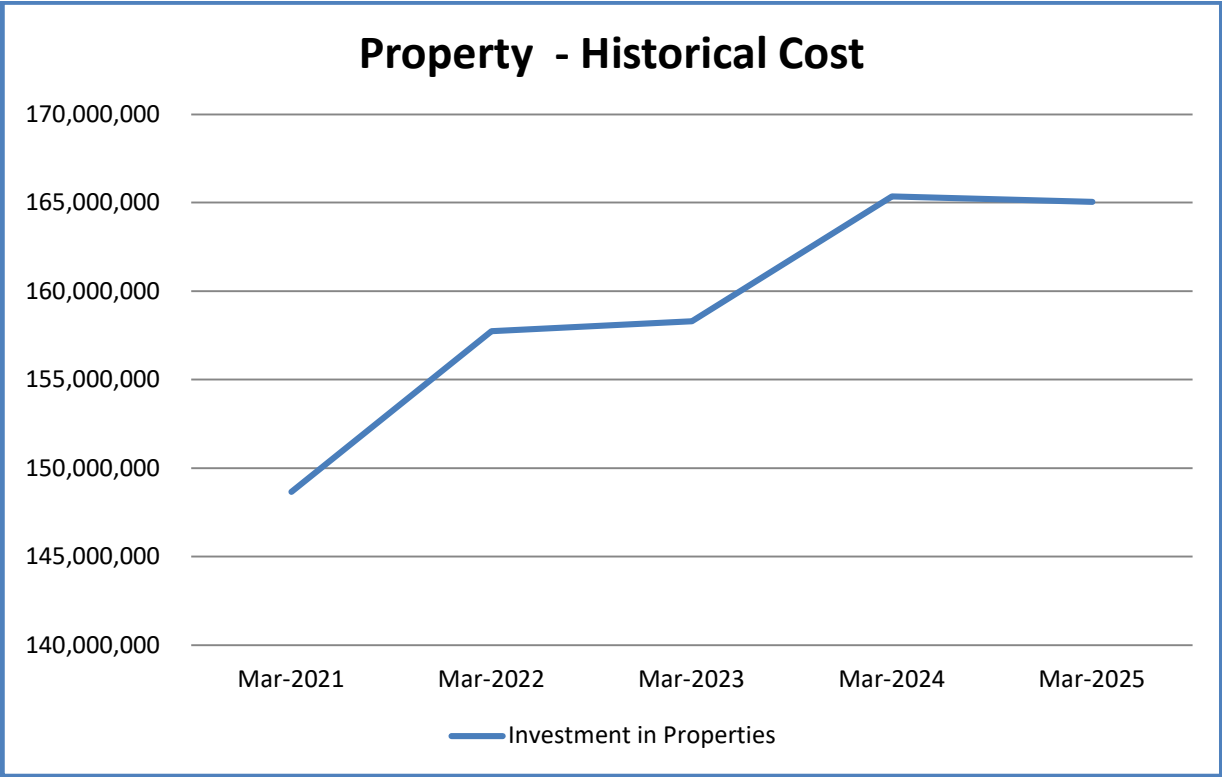
- The Association's total income in 2024/25 was £13,333,314. This includes turnover, bank interest received and the gain on sale of properties.
- 78% of this income was derived from net rent and service charges totalling £10,386,648.
- £2,362,368 of government grants were released from deferred income during the year. This accounts for 18% of total income.
- The remaining £584,298 (4%) of income is from factoring, wider action, interest received, gain on sale of properties and the common housing register.

Expenditure 2024/25



- The Association's total expenditure in 2024/25 was £11,103,384.
- The greatest expense relates to depreciation of our housing stock, accounting for £3,512,591 of our expenditure (32%).
- Management and administration costs of £3,100,656 (28%) include staff costs, estate management costs and office overheads.
- Total maintenance expenditure in the year was £2,789,167 (25%). Comprising reactive maintenance costs of £1,717,075 and planned and cyclical maintenance costs of £1,072,092.
- The remaining expenditure of £1,700,969 (15%) relates to other activities including factoring, wider action, interest & loan costs, medical adaptations and common housing register costs.

The graph below shows how much we have invested in our properties over the past five years, with the value increasing from £148.7M in March 2021 to £165.0M by March 2025. During 2024/25 £1.53M was invested in our existing homes.



- The Association has invested £165,046,416 in properties held as of 31 March 2025.
- Depreciation to date against our property value is £59,817,102.
- Spend on existing properties in the year amounted to £1,531,099. This consisted of capitalised major repairs including boilers, kitchens, heating systems and windows.
- The replacement of the components detailed above resulted in disposal of assets totalling £299,103.
- As previously mentioned, the development project at Strone Farm was aborted during the year. This resulted in £1,049,331 of disposals being written off on the SOFP, to account for the partially constructed properties. This excluded land which remains a current asset of the Association.