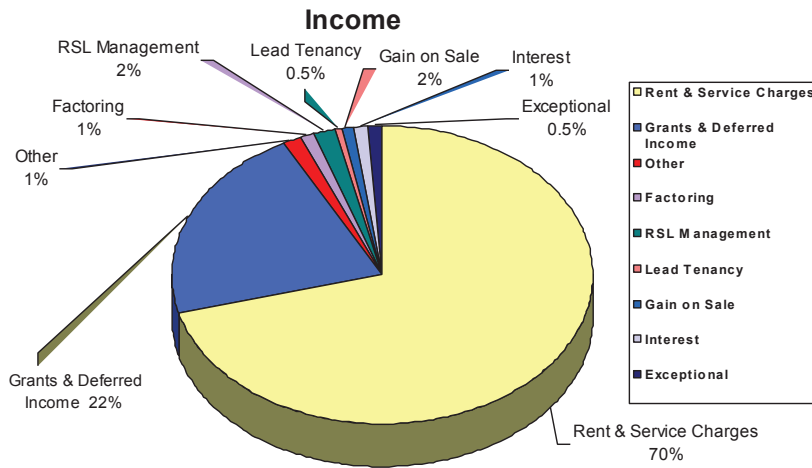


Oak Tree Housing Association continues to manage its finances with a long term perspective. Aspirations to develop new homes for tenants remains a key focus and development opportunities are reviewed as they arise and evaluated to take account of the Scottish Government grant/subsidy levels, the cost of private finance and the impact on our financial business plan. We have continued to successfully manage the financing of our core activities and made further investment in planned maintenance in relation to the replacement of heating systems, kitchens and bathrooms, etc. Oak Tree Housing Association made a surplus of £1.81m in the year to 31st March 2017, which is down slightly from

£1.86m in the previous year, with the reduction relating to higher void loss and bad debts, mainly associated with the impact of welfare reform. Depreciation costs were also higher due to our investment in new properties and planned maintenance.

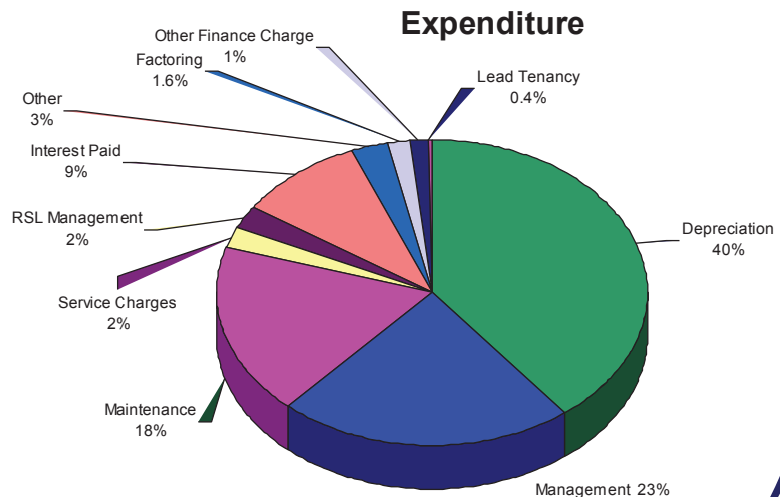
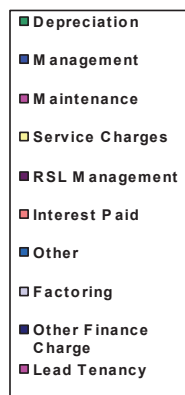
The surplus achieved from our 2016/17 operating activities will be held in reserves to fund future planned maintenance commitments.

The following information highlights the main sources of income and expenditure for Oak Tree Housing Association as well as charting the change in surplus, reserves and investment in housing over the last few years.



Rental Income & Service Charges of £7.17m represents the majority of Oak Tree Housing Association's income and this equates to a 0.8% increase against last year's income based on the rent increase applied during the year, less the impact of 13 right to buy property sales. Grant released from deferred income represents £2.29m of income in the year and this equates to 22% of total income. There was an increase in the gain on sale of fixed assets which was up from £78k in 2016 to £158k in this financial year, as a result of an increase in right to buy sales. Interest receivable reduced slightly from £103k in 2016 to £95k in 2017, mainly due to a reduction in interest rates across the banking sector.

Management, maintenance costs and interest paid on housing loans make up the majority of the Oak Tree Housing Association's cash expenditure. Management, maintenance and service charge costs represent 43% of all expenditure with costs in this category totalling £3.6m, which is a similar level of investment against the previous year's figure of £3.7m. Interest payable on outstanding loan balances totalled £793k and depreciation, a non-cash expense, was £3.3m in the year.



The Association has invested £136.2m in properties held as at 31 March 2017. Depreciation to date on this value amounted to £37.8m.

Additions in the year include £1.28m of capitalised major repairs, for example, replacement heating systems, kitchen and bathroom replacements, etc.

At the year end the Association's housing properties had a net book value of £98.4m.

As at 31st March 2017, Oak Tree Housing Association's reserves totalled £22.7m, which is a 9% increase against last year's value.

## Housing Properties

