

Oak Tree Housing Association continues to manage its finances with a long term focus. Ambition to develop new homes for tenants remains a key aim and we have secured a new £9.7M loan funding facility to support this. We have continued to successfully manage the financing of our day to day operating activities, e.g. providing housing services, reactive and cyclical maintenance and also made further investment in our properties with the main project in 2017/18 relating to replacing kitchens and bathrooms. Oak Tree Housing Association made an annual surplus of £1.97M in the year to 31st March 2018, which is up slightly from

£1.81M in the previous year, with the increase relating to improvements in void loss, bad debts and changes to the planned and cyclical programme of works. The surplus achieved from our 2017/18 operating activities will be held in reserves to fund future planned maintenance commitments, e.g. replacing boilers, roofs, windows, kitchens and bathrooms when they fall due.

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

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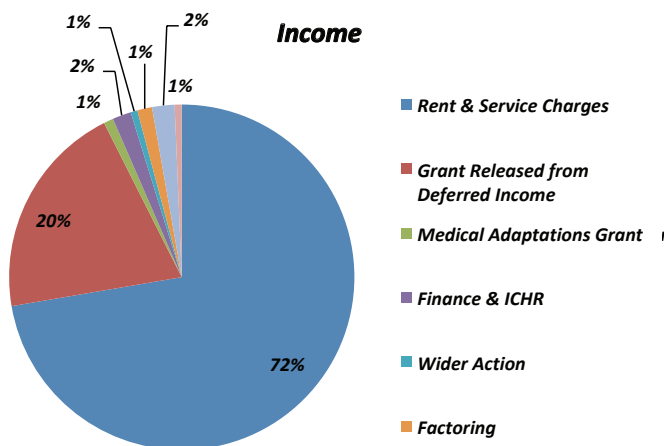
Statement of Comprehensive Income for the year ending 31 March 2018	2018	2017	A Non-Accountants Guide to the Accounts
<b>REVENUE</b>	<b>10,008,485</b>	<b>9,909,356</b>	<b>Rental income, grant income &amp; income from other activities</b>
Less operating costs	(7,384,936)	(7,479,745)	Cost of management and maintenance of properties
<b>OPERATING SURPLUS</b>	<b>2,623,549</b>	<b>2,429,611</b>	
Profit on sale of houses	62,305	157,900	Profit from the sale of houses through the Right to Buy scheme, (now ended)
Exceptional item	78,130	19,050	Transfer to reserves of historical grant funding originally received for a furniture fund
Interest receivable and other income	67,676	95,375	Interest earned from money invested – lower rates received in 2017/18
Interest payable and similar charges	(759,540)	(792,939)	Interest paid on loans, (mortgage)
Other finance charges	(102,643)	(95,847)	
<b>SURPLUS FOR THE YEAR</b>	<b>1,969,477</b>	<b>1,813,150</b>	<b>Leaving this general surplus to fund future planned maintenance</b>

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

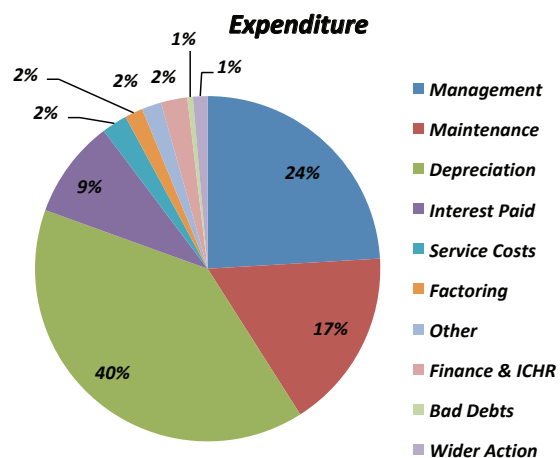
Statement of Financial Position			
Housing properties, less depreciation	97,360,748	98,371,904	This is the cost to build our houses and replace items such as kitchens and bathrooms
Other fixed assets	462,642	447,253	This is the value of our office accommodation, IT and office equipment
	<b>97,823,390</b>	<b>98,819,157</b>	
<b>Investments</b>	102,501	102,501	Commercial offices we rent out and a £1 share in our subsidiary

Statement of Financial Position continued			
Receivables due in more than 1 year	1,004,295	1,226,765	This is a loan to our subsidiary, Cloch Housing Association due to be repaid in 2027
<b>Assets and Liabilities</b>			
Receivables	1,197,626	509,414	Money owed to us
Cash held	7,193,488	7,343,194	Money in the bank
Creditors due in 1 year	(2,255,578)	(2,233,440)	Money we owe to others
Creditors due after 1 year	(17,506,452)	(18,556,032)	Money owed on pension and loans, (secured by specific charges on our properties)
<b>Deferred Income</b>			
Social Housing Grant	(62,531,503)	(64,145,542)	Grant provided by the Government to help fund building new homes
Other Grant	(305,513)	(314,241)	
	<b>24,721,254</b>	<b>22,751,776</b>	
<b>Capital and Reserves</b>			
Share Capital	244	243	Represents shares at £1 each Net worth of the Association
Revenue Reserves	24,721,010	22,751,533	Sums built up in previous years and this year's surplus
	<b>24,721,254</b>	<b>22,751,533</b>	

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

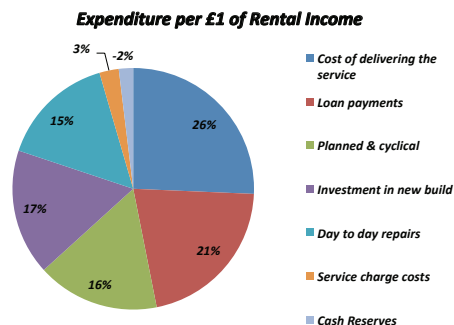


The Association's total income compares favourably to the previous year, rising to £10,008,485 from £9,909,356, (1% increase). Most of this income comes from the rent and service charges (£7,436,897), however income from Government Grants was 20% of total income and was £2,161,930 in the year.



The Association's operating expenditure in 2017/18 was £7,384,936 (2016/17: £7,479,745). The main expenses are running costs named as management and administration costs (£1,984,410), reactive maintenance (£922,389), planned and cyclical maintenance, (£473,600) and housing depreciation (£3,259,623).

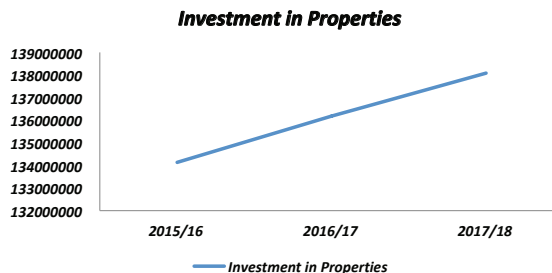
The chart below shows where we spent our cash for every £1 of rental income in 2017/18 and this excludes non-cash items such as depreciation:



For every £1 of rental income we spent the following amounts in pence:

- 26p on delivering the services, e.g. staff costs, office accommodation, IT, general overheads & maintenance overheads
- 21p paying for our £17.5M loans, (interest & repayments)
- 17p to fund building new homes
- 16p went on planned and cyclical maintenance, e.g. replacing kitchens and bathrooms, gutter cleaning and painting
- 15p went on day to day repairs
- 3p went on service costs, e.g. common electricity and landscaping
- We also had to use 2p in the pound from our cash reserves.

The graph below shows how much we have invested in our properties over the past few years, with the value increasing from £134.1M in March 2016 to £138.1M by March 2018, highlighting £4M has been invested in our properties during this period:



- The Association has invested £138,082,479 in properties held as at 31 March 2018.
- Depreciation to date against this value for wear and tear amounts to £40,721,731.
- Additions in the year include £1,182,040 of capitalised major repairs.
- At the year-end the Association's housing properties have a net book value of £97,360,748.

## INVESTORS IN PEOPLE

OTHA seek to apply the IIP Framework as a key part of our people strategy aimed at continually improving the services we provide to our customers and the wider Inverclyde Community. OTHA started on our IIP journey a number of years ago. The Association achieved Gold IIP Status during 2016 and whilst a reaccreditation visit is not due until late 2019 the Association requires to take part in a yearly review and following this review the assessor was satisfied that the Association continues to fully meet the requirements of the IIP standard at gold level.

## WIDER ACTION

Our 2017/18 programme continued projects which had been established over previous years and importantly continues to be delivered in partnership with other local associations.

We continued to support the following projects:-

- Welfare Advice – through the Financial Fitness

team we are offering welfare benefits advice to our tenants

- IT Literacy – through the Inverclyde Future Skills project we are offering services in a number of locations, giving tenants advice on computer literacy
- New Tenant Support – we utilise the support of Starter Packs Inverclyde to provide basic packs to new tenants
- At the end of 2014/15, we agreed to join the Smarter Buys franchise and ourselves and River Clyde Homes continue to offer low cost credit services, for certain household goods to tenants
- In addition, the Association have supported the Branchton Community Hall Committee in an application which achieved funding to allow them to acquire the Branchton Hall from OTHA.
- Tenancy Sustainment – through the Mungo Foundation, we continue to provide specialist support as required.