

Landlord Name:	Oak Tree Housing Association Ltd
RSL Reg No.:	137
Report generated date:	28/06/2021 18:21:52

Approval

Development Assumption



Development Assumption Comment

We have assumed development will end, after the 3 developments modelled in the Five Year Financial Return

A1.1	Date approved	28/06/2021
A1.2	Approver	Alana Durnin
A1.3	Approver job title	Finance Director

STATEMENT OF COMPREHENSIVE INCOME

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
	£'000	£'000	£'000	£'000	£'000	£'000
Gross rents	8,232.8	8,314.9	9,124.7	9,562.7	9,828.0	10,073.7
Service charges	124.9	130.3	137.9	142.4	146.4	150.0
Gross rents & service charges	8,357.7	8,445.2	9,262.6	9,705.1	9,974.4	10,223.7
Rent loss from voids	115.2	150.9	181.2	211.8	217.7	223.1
Net rent & service charges	8,242.5	8,294.3	9,081.4	9,493.3	9,756.7	10,000.6
Developments for sale income	0.0	0.0	0.0	0.0	0.0	0.0
Grants released from deferred income	2,096.8	2,220.7	2,254.9	2,254.5	2,254.5	2,254.5
Grants from Scottish Ministers	46.7	86.7	98.8	101.9	104.8	107.3
Other grants	19.1	0.0	0.0	0.0	0.0	0.0
Other income	792.4	730.9	388.3	399.9	410.6	421.5
TURNOVER	11,197.5	11,332.6	11,823.4	12,249.6	12,526.6	12,783.9
Less:						
Housing depreciation	3,263.4	3,371.1	3,681.3	3,642.3	3,579.9	3,592.5
Impairment written off / (back)	0.0	0.0	0.0	0.0	0.0	0.0
Management costs	2,334.7	2,921.7	2,679.3	2,417.5	2,488.7	2,536.1
Service costs	202.1	203.9	218.1	225.2	231.6	237.3
Planned maintenance - direct costs	1,158.4	1,687.2	1,049.0	953.1	1,008.1	803.9
Re-active & voids maintenance - direct costs	895.3	1,248.8	1,250.1	1,331.3	1,430.3	1,442.5
Maintenance overhead costs	0.0	0.0	0.0	0.0	0.0	0.0
Bad debts written off / (back)	12.7	126.7	162.1	194.1	199.5	204.5
Developments for sale costs	0.0	0.0	0.0	0.0	0.0	0.0
Other activity costs	873.5	994.2	583.1	514.1	456.0	467.9
Other costs	0.0	0.0	0.0	0.0	0.0	0.0
	5,476.6	7,182.5	5,941.7	5,635.3	5,814.2	5,692.2
Operating Costs	8,740.0	10,553.6	9,623.0	9,277.6	9,394.1	9,284.7
Gain/(Loss) on disposal of PPE	0.0	0.0	0.0	0.0	0.0	0.0
Exceptional Items - (Income) / Expense	0.0	0.0	0.0	0.0	0.0	0.0
OPERATING SURPLUS/(DEFICIT)	2,457.5	779.0	2,200.4	2,972.0	3,132.5	3,499.2
Interest receivable and other income	76.2	32.7	28.3	43.5	55.6	72.7
Interest payable and similar charges	273.1	316.7	378.4	408.6	347.8	409.0
Increase / (Decrease) in Negative Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Other Gains / (Losses)	0.0	0.0	0.0	0.0	0.0	0.0
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAX	2,260.6	495.0	1,850.3	2,606.9	2,840.3	3,162.9
Tax on surplus on ordinary activities	0.0	0.0	0.0	0.0	0.0	0.0
SURPLUS/(DEFICIT) FOR THE YEAR AFTER TAX	2,260.6	495.0	1,850.3	2,606.9	2,840.3	3,162.9
Actuarial (loss) / gain in respect of pension schemes	(1,780.0)	0.0	0.0	0.0	0.0	0.0
Change in Fair Value of hedged financial instruments.	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	480.6	495.0	1,850.3	2,606.9	2,840.3	3,162.9

STATEMENT OF FINANCIAL POSITION

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
	£'000	£'000	£'000	£'000	£'000	£'000
Non-Current Assets						
Intangible Assets & Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Housing properties - Gross cost or valuation	148,673.1	161,271.2	166,567.7	168,832.0	169,543.6	173,698.3
Less:						
Housing Depreciation	50,278.0	53,649.1	57,330.4	60,972.8	64,552.6	68,145.1
Negative Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
NET HOUSING ASSETS	98,395.1	107,622.1	109,237.3	107,859.2	104,991.0	105,553.2
Non-Current Investments	2,222.1	2,196.8	2,138.5	2,485.8	2,373.6	2,286.8
Other Non Current Assets	725.4	600.8	474.9	349.1	223.2	97.3
TOTAL NON-CURRENT ASSETS	101,342.6	110,419.7	111,850.7	110,694.1	107,587.8	107,937.3
Current Assets						
Net rental receivables	102.4	133.0	161.4	128.0	134.4	140.9
Other receivables, stock & WIP	413.0	381.1	419.0	426.3	433.8	440.5
Investments (non-cash)	0.0	0.0	0.0	0.0	0.0	0.0
Cash at bank and in hand	9,370.5	7,139.9	7,138.2	6,897.0	8,808.0	7,722.3
TOTAL CURRENT ASSETS	9,885.9	7,654.0	7,718.6	7,451.3	9,376.2	8,303.7
Payables : Amounts falling due within One Year						
Loans due within one year	1,178.0	1,576.2	1,820.7	1,812.6	1,677.0	1,671.4
Overdrafts due within one year	0.0	0.0	0.0	0.0	0.0	0.0
Other short-term payables	2,929.9	1,859.9	1,772.3	1,816.6	1,862.1	1,907.6
TOTAL CURRENT LIABILITIES	4,107.9	3,436.1	3,593.0	3,629.2	3,539.1	3,579.0
NET CURRENT ASSETS/(LIABILITIES)	5,778.0	4,217.9	4,125.6	3,822.1	5,837.1	4,724.7
TOTAL ASSETS LESS CURRENT LIABILITIES	107,120.6	114,637.6	115,976.3	114,516.2	113,424.9	112,662.0
Payables : Amounts falling due After One Year						
Loans due after one year	14,219.3	21,779.0	23,522.4	21,709.8	20,032.8	18,361.4
Other long-term payables	0.0	0.0	0.0	0.0	0.0	0.0
Grants to be released	62,672.7	62,134.9	59,880.0	57,625.6	55,371.0	53,116.6
	76,892.0	83,913.9	83,402.4	79,335.4	75,403.8	71,478.0
Provisions for liabilities & charges	0.0	0.0	0.0	0.0	0.0	0.0
Pension asset / (liability)	1,403.0	1,403.0	1,403.0	1,403.0	1,403.0	1,403.0
NET ASSETS	28,825.6	29,320.7	31,170.9	33,777.8	36,618.1	39,781.0
Capital & Reserves						
Share capital	0.2	0.2	0.2	0.2	0.2	0.2
Revaluation reserve	0.0	0.0	0.0	0.0	0.0	0.0
Restricted reserves	0.0	0.0	0.0	0.0	0.0	0.0
Revenue reserves	28,825.4	29,320.5	31,170.7	33,777.6	36,617.9	39,780.8
TOTAL CAPITAL & RESERVES	28,825.6	29,320.7	31,170.9	33,777.8	36,618.1	39,781.0
Intra Group Receivables - as included above	8.2	0.0	0.0	0.0	0.0	0.0
Intra Group Payables - as included above	755.5	0.0	0.0	0.0	0.0	0.0

STATEMENT OF CASHFLOWS

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
	£'000	£'000	£'000	£'000	£'000	£'000
Net Cash from Operating Activities						
Operating Surplus/(Deficit)	2,457.5	779.0	2,200.4	2,972.0	3,132.5	3,499.2
Depreciation & Amortisation	1,191.2	1,248.8	1,524.5	1,501.2	1,464.1	1,479.9
Impairments / (Revaluation Enhancements)	0.0	0.0	0.0	0.0	0.0	0.0
Increase / (Decrease) in Payables	682.8	(1,056.0)	(87.7)	44.3	45.4	46.5
(Increase) / Decrease in Receivables	208.1	(14.0)	(66.2)	26.0	(13.9)	(14.1)
(Increase) / Decrease in Stock & WIP	0.0	0.0	0.0	0.0	0.0	0.0
Gain / (Loss) on sale of non-current assets	0.0	0.0	0.0	0.0	0.0	0.0
Other non-cash adjustments	(383.0)	0.0	0.0	0.0	0.0	0.0
NET CASH FROM OPERATING ACTIVITIES	4,156.6	957.8	3,571.0	4,543.5	4,628.1	5,011.5
Tax (Paid) / Refunded	0.0	0.0	0.0	0.0	0.0	0.0
Return on Investment and Servicing of Finance						
Interest Received	76.2	32.7	28.3	43.5	55.5	72.7
Interest (Paid)	(273.1)	(316.6)	(378.4)	(408.6)	(347.8)	(409.0)
RETURNS ON INVESTMENT AND SERVICING OF FINANCE	(196.9)	(283.9)	(350.1)	(365.1)	(292.3)	(336.3)
Capital Expenditure & Financial Investment						
Construction or acquisition of Housing properties	(4,411.8)	(11,348.5)	(3,392.0)	0.0	0.0	0.0
Improvement of Housing	(182.0)	(1,231.7)	(1,904.6)	(2,264.3)	(711.6)	(4,154.7)
Construction or acquisition of other Land & Buildings	0.0	0.0	0.0	0.0	0.0	0.0
Construction or acquisition of other Non-Current Assets	(1,211.1)	(73.1)	(39.9)	(460.5)	(26.5)	(55.1)
Sale of Social Housing Properties	55.0	0.0	0.0	0.0	0.0	0.0
Sale of Other Land & Buildings	0.0	0.0	0.0	0.0	0.0	0.0
Sale of Other Non-Current Assets	127.1	125.9	125.9	125.9	125.9	125.9
Grants (Repaid) / Received	0.0	1,665.0	0.0	0.0	0.0	0.0
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	(5,622.8)	(10,862.4)	(5,210.6)	(2,598.9)	(612.2)	(4,083.9)
NET CASH BEFORE FINANCING	(1,663.1)	(10,188.5)	(1,989.7)	1,579.5	3,723.6	591.3
Financing						
Equity drawdown	0.0	0.0	0.0	0.0	0.0	0.0
Debt drawdown	0.0	9,135.9	3,564.2	0.0	0.0	0.0
Debt repayment	(2,151.4)	(1,178.0)	(1,576.2)	(1,820.7)	(1,812.6)	(1,677.0)
Working Capital (Cash) - Drawn / (Repaid)	0.0	0.0	0.0	0.0	0.0	0.0
NET CASH FROM FINANCING	(2,151.4)	7,957.9	1,988.0	(1,820.7)	(1,812.6)	(1,677.0)
INCREASE / (DECREASE) IN NET CASH	(3,814.5)	(2,230.6)	(1.7)	(241.2)	1,911.0	(1,085.7)
Cash Balance						
Balance Brought Forward	13,185.0	9,370.5	7,139.9	7,138.2	6,897.0	8,808.0
Increase / (Decrease) in Net Cash	(3,814.5)	(2,230.6)	(1.7)	(241.2)	1,911.0	(1,085.7)
CLOSING BALANCE	9,370.5	7,139.9	7,138.2	6,897.0	8,808.0	7,722.3

ADDITIONAL INFORMATION

	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
	£'000	£'000	£'000	£'000	£'000	£'000
Number of units added during year to:						
New Social Rent Properties added	0	69	86	0	0	0
New MMR Properties added	0	0	0	0	0	0
New Low Costs Home Ownership Properties added	0	0	0	0	0	0
New Properties - Other Tenures added	0	0	0	0	0	0
Total number of new affordable housing units added during year	0	69	86	0	0	0
Number of units lost during year from:						
Sales including right to buy	2	0	0	0	0	0
Demolition	0	0	20	0	0	0
Other	0	0	0	0	0	0
Units owned						
Social Rent Properties	1,846	1,915	1,981	1,981	1,981	1,981
MMR Properties	0	0	0	0	0	0
Low Costs Home Ownership Properties	0	0	0	0	0	0
Properties - Other Tenures	0	0	0	0	0	0
Number of units owned at end of period	1,846	1,915	1,981	1,981	1,981	1,981
Number of units managed at end of period (excl. factored units)	1,846	1,895	1,981	1,981	1,981	1,981
Financed by:						
Scottish Housing Grants	0.0	5,580.0	1,370.0	0.0	0.0	0.0
Other public subsidy	0.0	0.0	6,926.5	0.0	0.0	0.0
Private finance	0.0	5,073.7	7,267.3	0.0	0.0	0.0
Sales	0.0	0.0	0.0	0.0	0.0	0.0
Cash reserves	0.0	532.4	0.0	0.0	0.0	0.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
Total cost of new units	0.0	11,186.1	15,563.8	0.0	0.0	0.0
Assumptions:						
General Inflation (%)	0.0	1.8	2.9	3.2	2.8	2.8
Rent increase - Margin above General Inflation (%)	0.0	(0.8)	0.0	0.0	0.0	0.0
Operating cost increase - Margin above General Inflation (%)	0.0	0.0	0.0	0.0	0.0	0.0
Direct maint. cost increase - Margin above General Inflation (%)	0.0	0.5	0.5	0.5	0.5	0.5
Actual / Assumed average salary increase (%)	1.6	0.8	2.1	2.8	2.5	2.8
Average cost of borrowing (%)	1.7	1.6	1.6	1.7	1.5	2.0
Employers Contributions for pensions (%)	14.4	12.0	12.5	12.5	12.5	12.5
Employers Contributions for pensions (£'000)	205.6	177.8	166.0	171.0	174.0	178.0
SHAPS Pensions deficit contributions (£'000)	307.2	326.6	336.4	0.0	0.0	0.0
Min. headroom cover on tightest interest cover covenant (£'000)	2,842.0	385.0	1,337.0	1,694.0	3,425.0	313.0
Minimum headroom cover on tightest gearing covenant (£'000)	58,939.0	57,281.0	57,941.0	60,894.0	63,062.0	66,816.0
Minimum headroom cover on tightest asset cover covenant (£'000)	375.0	375.0	855.0	1,620.0	2,386.0	3,152.5
Total staff costs (including NI & pension costs)	2,128.1	2,168.5	2,078.9	1,712.4	1,657.2	1,693.4
Full time equivalent staff	35.8	36.0	35.7	34.2	32.7	32.7
ESSH Revenue Expenditure included above	0.2	0.0	0.0	0.0	156.0	0.0
ESSH Capital Expenditure included above	0.0	20.0	0.0	0.0	0.0	0.0
Total capital and revenue expenditure on maintenance of pre-1919 properties	629.8	1,143.6	1,103.4	1,194.0	826.9	1,680.2
Total capital and revenue expenditure on maintenance of all other properties	2,235.7	4,167.7	4,203.7	4,548.7	3,150.0	6,401.1

RATIOS

Financial capacity	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Interest cover	1,549.908%	312.855%	951.189%	1,122.614%	1,346.636%	1,243.081%
Gearing	20.908%	55.303%	58.404%	49.220%	35.233%	30.946%
Efficiency						
Voids	1.378%	1.787%	1.956%	2.182%	2.183%	2.182%
Arrears	1.242%	1.604%	1.777%	1.348%	1.378%	1.409%
Bad debts	0.153%	1.528%	1.785%	2.045%	2.045%	2.045%
Staff costs / turnover	19.005%	19.135%	17.583%	13.979%	13.229%	13.246%
Turnover per unit	£6,066	£5,918	£5,968	£6,184	£6,323	£6,453
Responsive repairs to planned maintenance ratio	1.5	2.3	2.4	2.4	1.2	3.4
Liquidity						
Current ratio	2.4	2.2	2.1	2.1	2.6	2.3
Profitability						
Gross surplus / Deficit	21.947%	6.874%	18.611%	24.262%	25.007%	27.372%
Net surplus / Deficit	20.188%	4.368%	15.649%	21.282%	22.674%	24.741%
EBITDA / revenue	49.465%	25.752%	33.638%	35.511%	47.904%	22.974%
Financing						
Debt Burden ratio	1.4	2.1	2.1	1.9	1.7	1.6
Net debt per unit	£3,265	£8,468	£9,190	£8,392	£6,513	£6,214
Debt per unit	£8,341	£12,196	£12,793	£11,874	£10,959	£10,112
Diversification						
Income from non-rental activities	26.390%	26.810%	23.191%	22.501%	22.112%	21.772%

Comments

Page	Field	Comment
SOCI	Rent loss from voids	Higher voids projected for future years - General Needs long term void loss % of 2% / Higher void loss at Maple Road
SOCI	Grants from Scottish Ministers	Medical Adaptation Grant
SOCI	Other Grants	Furlough Grant
SOCI	Management costs	Lower costs in 2020/21 due to £379k deduction in salary costs re: Pension Liability entries from TPT valuation . Higher costs in 2021/22 - additional staff resource for 1 yr - Housing Officer / higher overheads, e.g. new office move /legal fees for loan funding / professional fees. Salary cost reduce by March 2024 when developments end / Pension Deficit paid off by March 2023
SOCI	Re-active & voids maintenance - direct costs	Less in 2020/21 - emergency svcs only part of the year / less voids
SOCI	Bad debts written off/(back)	Long term bad debt modelled as 2%
SOCI	Other activity costs	Higher in 2020/21 to 2022 due to grant funding for Wider Action
SOCI	Interest payable and similar charges	Includes Non Utilisation Fees in 2021 / 22
SOCI	Actuarial (loss) / gain in respect of pension schemes	Re: Pension Valuation - no entries for future years - unknown / non cash item
SOFP	Other Non Current Assets	Loan to Cloch HA / no longer subsidiary but loan remains in place by joint agreement
SOFP	Net rental receivables	Increase of circa 30% in 2021 to 2023- provision for impact of Covid on tenants' finances, then reduces back to normalised levels
SOFP	Cash at bank and in hand	High cash balances / plan models £3M for developments - currently appraising using £2.7M cash for developments, however both RBS & NW have offered £3M of loan funding / loan agreement ready for review- decision at August 2021 Board Meeting

Page	Field	Comment
SOFP	Other short-term payables	Reduction in 2021/22 due to release of deferred income, (HAG received in advance) and other accruals being paid, e.g. development retentions
SOFP	Loans due after one year	Assumes £3M of loan funding procured / £9.7M facility currently in place utilised
SOFP	Pension asset / (liability)	This value will change year on year with TPT valuation
SOFP	Intra Group Payables - as included above	High in 2020/21 due to invoice due to subsidiary for Design & Build Svs
SOCF	Increase / (Decrease) in Payables	Decrease in payables high due to HAG received in advanced last year being released to pay development costs as they were incurred in 2020/21
SOCF	Other non-cash adjustments	Pension adjustment re: TPT valuation
SOCF	Construction or acquisition of Housing properties	New build developments - Net costs for development for Ravenscraig as Link are managing this / claiming grant on our behalf
SOCF	Improvement of Housing	Capitalised Planned Maint - Components
SOCF	Construction or acquisition of Other Non-Current Assets	Fixed Assets - High in 2020/21 re: New Office refurb investment
SOCF	Sale of Social Housing Properties	0.0
SOCF	Sale of Other Non-Current Assets	Repayments for Cloch HA Loan
SOCF	Grants (Repaid) / Received	HAG for 2HAG for Ravenscraig Development is managed by Link who are claiming the grant directly. Grant for Bow Farm was used to fund developments but this was received in March 2020
SOCF	Debt drawdown	£9.7M facility in place / £3M offer from RBS & NW - decision in August 2021 Board Meeting / potential to fund from surplus
SOCF	Debt repayment	Repaid RBS loan by Mar due to high cash balances - revolving credit facility in place
Additional Information	Sales including right to buy	Shared ownership
Additional	Demolition	Demolition of properties at Maple Road planned for

Page	Field	Comment
Information		2022/23
Additional Information	Scottish Housing Grants	The grant and private finance has been entered in the year of completion rather than when received, (so the info is not spread over 2 years per SHR advice)
Additional Information	Other public subsidy	This project is being managed through Link and they are claiming the Scottish Housing Grant on our behalf - therefore this will not show in the cashflow projections
Additional Information	Private finance	Assumes £12.3M funding
Additional Information	Cash reserves	Surplus used pre-construction
Additional Information	General Inflation (%)	Based on RPI forecasts, however CPI used for salaries
Additional Information	Operating cost increase - Margin above General Inflation (%)	Overheads based on RPI
Additional Information	Direct maintenance cost increase - Margin above General Inflation (%)	However additional 3.5% added to major repairs / planned maintenance in 2021/22 to 2023/24
Additional Information	Actual / Assumed average salary increase (%)	CPI plus 0.1 for 2022/23, then CPI plus 0.75%
Additional Information	Average cost of borrowing (%)	Circa 50% of loans fixed to Mar 24
Additional Information	Employers Contributions for pensions (%)	Move to DC for all staff from July 2021 at 12% + 0.45% life insurance
Additional Information	Employers Contributions for pensions (£'000)	Move to DC for all staff from July 2021 at 12% + 0.45% life insurance
Additional Information	SHAPS Pensions deficit contributions (£'000)	Modelled to March 2023 for prudence
Additional Information	Minimum headroom cover on tightest asset cover covenant (£'000)	RBS Loan - assumed additional £3M funding progresses with NW - this loan agreement option will release circa 700 properties secured
Additional	Total staff costs (including NI &	Pension Deficit ends Mar 2023 & Development ends

Page	Field	Comment
Information	pension costs)	in Sept 2023 taking £86.5k of salaries out of the plan in 2023/24 and £177.5k out of the plan from 2024/25
Additional Information	Full time Equivalent Staff Curr Year	Development ends and staff reduce from Q3 2024
Additional Information	EESHS Revenue Expenditure included above	General Provision for EESHS 2
Additional Information	EESHS Capital Expenditure included above	General provision in 2021/22 c/f from 2020/21
Additional Information	Total capital and revenue expenditure on maintenance of pre-1919 properties	Estimate based on % of property numbers
Additional Information	Total capital and revenue expenditure on maintenance of all other properties	Total of rows 27,28 and 131