



Alexander Sloan
Accountants and Business Advisers

Oak Tree Housing Association Limited

Report and Financial Statements
For the year ended 31 March 2021

Registered Social Landlord No. HCB137

FCA Reference No.2232RS

Scottish Charity No. SC045300

OAK TREE HOUSING ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021

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OAK TREE HOUSING ASSOCIATION LIMITED

MANAGEMENT COMMITTEE, EXECUTIVE AND ADVISERS FOR THE YEAR ENDED 31 MARCH 2021

Management Committee

Colin Campbell	Stood down at AGM 22.09.2020
Jackie McKelvie	Resigned 30.06.2020
June Glancy	Secretary
Sandra Rorison	
David McIndoe	Resigned 23.02.2021
Doreen Williams	Appointed 22.09.20
Ronny Lee	Resigned 17.11.2020
Sharon Tritschler	Chair from 22.09.2020, Resigned 26.04.2021
Diane McCarney	Resigned 12.07.2021
Vivienne Hearton	Chair from 26.04.2021
Sandra McMenamin	
Anthony Wilson	
Jim Aird	Co-opted 29.06.2020; resigned 23.02.2021
James Paton	Co-opted 26.10.2020

Executive Officers

Nick Jardine	Chief Executive Officer
Anne Culley	Depute Chief Executive Officer
Alana Durnin	Finance Director
Kate Dahlstrom	Housing Services & Performance Director. Left 30.06.2021
Brian Praties	Development & Technical Services Manager

Registered Office

41 High Street
Greenock
PA15 1NR

External Auditors

Alexander Sloan
Accountants & Business Advisers
180 St Vincent Street
Glasgow
G2 5SG

Internal Auditors

TIAA
Artillery House, Fort Fareham
Newgate Lane
Fareham
PO14 1AH

Bankers

Royal Bank of Scotland
Cathcart Street
Greenock
PA15 1BA

Solicitors

Patten & Prentice
1 Ardgowan Square
Greenock
PA16 8PP

Solicitors

BTO Solicitors LLP
48 St Vincent Street
Glasgow

Solicitors

TC Young
Merchants House of Glasgow
7 West George Street

OAK TREE HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE FOR THE YEAR ENDED 31 MARCH 2021

The Management Committee presents its report and the financial statements for the year ended 31 March 2021.

Legal Status

The Association is registered with the Financial Conduct Authority as a Co-operative and Community Benefit Society (No 2232RS), the Scottish Housing Regulator as a registered social landlord (No. HCB137) under the Housing (Scotland) Act 2010 and is a registered Scottish Charity with the charity number SC045300.

Principal Activities

The principal activities of the Association are the provision and management of affordable rented accommodation.

1. providing, constructing, improving and managing land, accommodation and associated facilities and providing care;
2. providing or arranging home maintenance, repair and improvement services and providing facilities and services for the benefit of such people either exclusively for them or together with other persons;
3. undertaking any activities which are charitable, allowed under section 24 of the Housing (Scotland) Act 2010, including any statutory amendment or re-enactment of the provisions of this section from time to time being in force and;
4. carrying on any other charitable activities permitted to registered social landlords from time to time.

Review of Business and Future Developments

The past year was significant for the Association in many ways beyond the impact of Covid and these changes will have a major influence in the shape of the organisation going forward.

A major restructure at Senior Officer Level has given a stronger voice to Operational Managers. The restructure will simplify decision making and give us greater flexibility going forward.

After lengthy and detailed discussion supported by independent analysis the Management Committee decided in conjunction with the Board of our Subsidiary Cloch HA that our two Associations should separate. This decision has enabled us to be more focussed on the needs of our business and the needs of our customers. We wish Cloch all the best going forward.

A third significant change was the completion of our new office premises, which we will move to over the second half of 2021/22. The new premises will provide us with an opportunity to continue to grow and to build on local partnerships with the possibility of sharing space with partners.

OAK TREE HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2021

Review of Business and Future Developments (Contd.)

Like every other organisation the effects of the Coronavirus pandemic are still affecting how we do business. It is clear that there will be a lasting effect on how services are provided and potentially the services to be provided. We will continue to consult with customers as we determine future priorities.

With regard to what we consider to be our core business, the virus has altered the way we provide a number of services and in the case of our new build programme this has caused delays. Projects are now back on site and 2021-22 will be a busy year for our Development team with their focus on 3 projects, providing 155 new homes.

On the other side of the asset management equation, relating to our existing stock, the Association decided in 2019/20 that a number of non-traditional flatted properties will be demolished and we planned to take this project forward over the next few years. This decision was taken following financial modelling and detailed appraisal, and due to the age and the stock condition there is very limited impact on the Association's financial position. As we move out of the Covid pandemic the demolition strategy, which was in abeyance, will be restarted and it is still expected that the project will be complete by the end of 2022/23.

With regard to the management of our housing stock we achieved a positive end to the year, with arrears continuing to slowly reduce. Operational changes are also planned within the Housing Management section which will allow a concentration of staff time to meet key objectives.

Along with Cloch and Larkfield Housing Associations we continue to successfully run the Inverclyde Common Housing Register and the Smarterbuys franchise continues to offer our tenants low cost credit services for certain household goods. The Association also continues to provide factoring and landscape maintenance services to residents within our communities to ensure that our properties and estates are maintained for the benefit of all.

2020/21 was another successful trading year for Oak Tree Housing Association. The Association made an operating surplus of £2.46M in the year compared to a projected £1.31M budget, with savings achieved and some work activities being carried forward into 2021/22, due to the impact of the pandemic. The operating surplus was reduced by a further £197k relating to net interest and other finance charges resulting in a surplus for the year of £2.26M, (2019/20 - £1.98M). A further adjustment was made to other comprehensive income for a loss of £1.78M associated with The Pension Trust's pension plan valuation, however this is a non cash transaction which is reviewed annually, (*surplus increased by £1.71M in 2019/20 following the 2019/20 pension valuation*). Total turnover was just under £11.20M, (2019/20 - £11.72M) with Operating costs of £8.74M, (2019/20 - £9.47M).

Going forward, the Association anticipates a busy year with the development programme restarting and as we continue to consider service improvements to our tenants and the communities we serve. We will also continue to sell development services and work in partnership with Cloch Housing Association re: the shared Financial and IT services and intend to continue to focus on improvements to customer services through better use of information technology.

OAK TREE HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2021

Management Committee and Executive Officers

The members of the Management Committee and the Executive officers are listed on page 1.

Each member of the Management Committee holds one fully paid share of £1 in the Association. The Executive Officers hold no interest in the Association's share capital and, although not having the legal status of directors, they act as executives within the authority delegated by the Management Committee.

The members of the Management Committee are also trustees of the charity. Members of the Management Committee are appointed by the members at the Association's Annual General Meeting.

Statement of Management Committee's Responsibilities

The Co-operative and Community Benefit Societies Act 2014 requires the Management Committee to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Association and of the surplus or deficit of the Association for that period. In preparing those financial statements the Management Committee is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the Association will continue in business; and
- prepare a statement on internal financial control.

The Management Committee is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and to enable them to: ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019. It is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. It is also responsible for ensuring the Association's suppliers are paid promptly.

Going Concern

Based on its budgetary and forecasting processes the Management Committee has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future; therefore, it continues to adopt the going concern basis of accounting in preparing the annual financial statements.

OAK TREE HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2021

Statement on Internal Financial Control

The Management Committee acknowledges its ultimate responsibility for ensuring that the Association has in place a system of controls that is appropriate for the business environment in which it operates. These controls are designed to give reasonable assurance with respect to:

- the reliability of financial information used within the Association, or for publication;
- the maintenance of proper accounting records;
- the safeguarding of assets against unauthorised use or disposition.

It is the Management Committee's responsibility to establish and maintain systems of internal financial control. Such systems can only provide reasonable and not absolute assurance against material financial misstatement or loss. Key elements of the Association's systems include ensuring that:

- formal policies and procedures are in place, including the ongoing documentation of key systems and rules relating to the delegation of authority, which allow the monitoring of controls and restrict the unauthorised use of Association's assets;
- experienced and suitably qualified staff take responsibility for important business functions and annual appraisal procedures have been established to maintain standards of performance;
- forecasts and budgets are prepared which allow the management team and the Management Committee to monitor key business risks, financial objectives and the progress being made towards achieving the financial plans set for the year and for the medium term;
- quarterly financial management reports are prepared promptly, providing relevant, reliable and up to date financial and other information, with significant variances from budget being investigated as appropriate;
- regulatory returns are prepared, authorised and submitted promptly to the relevant regulatory bodies;
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures, through the Management Committee;
- the Management Committee receives reports from management and from the external and internal auditors to provide reasonable assurance that control procedures are in place and are being followed and that a general review of the major risks facing the Association is undertaken;
- formal procedures have been established for instituting appropriate action to correct any weaknesses identified through internal or external audit reports.

The Management Committee has reviewed the effectiveness of the system of internal financial control in existence in the Association for the year end 31 March 2021. No weaknesses were found in the internal financial controls which resulted in material losses, contingencies or uncertainties which require disclosure in the financial statements or in the auditor's report on the financial statements.

Donations

During the year the Association made charitable donations of £1,000 (2020 - £1,500).

OAK TREE HOUSING ASSOCIATION LIMITED

REPORT OF THE MANAGEMENT COMMITTEE

FOR THE YEAR ENDED 31 MARCH 2021

Disclosure of Information to the Auditor

The members of the Management Committee at the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant information of which the auditors are unaware. They confirm that they have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditors.

Auditor

A resolution to reappoint the Auditors, Alexander Sloan, Accountants and Business Advisers, will be proposed at the Annual General Meeting.



By order of the Management Committee

June Glancy

Secretary

2 August 2021

OAK TREE HOUSING ASSOCIATION LIMITED

REPORT BY THE AUDITORS TO THE MEMBERS OF OAK TREE HOUSING ASSOCIATION LIMITED ON CORPORATE GOVERNANCE MATTERS

In addition to our audit of the financial statements, we have reviewed your statement on page 5 concerning the Association's compliance with the information required by the Regulatory Standards in respect of internal financial controls contained in the publication "Our Regulatory Framework" and associated Regulatory Advice Notes which are issued by the Scottish Housing Regulator.

Basis of Opinion

We carried out our review having regard to the requirements to corporate governance matters within Bulletin 2006/5 issued by the Financial Reporting Council. The Bulletin does not require us to review the effectiveness of the Association's procedures for ensuring compliance with the guidance notes, nor to investigate the appropriateness of the reason given for non-compliance.

Opinion

In our opinion the Statement of Internal Financial Control on page 5 has provided the disclosures required by the relevant Regulatory Standards within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls and is consistent with the information which came to our attention as a result of our audit work on the financial statements.

Through enquiry of certain members of the Management Committee and Officers of the Association and examination of relevant documents, we have satisfied ourselves that the Management Committee's Statement on Internal Financial Control appropriately reflects the Association's compliance with the information required by the relevant Regulatory Standards in respect of internal financial controls contained within the publication "Our Regulatory Framework" and associated Regulatory Advice Notes issued by the Scottish Housing Regulator in respect of internal financial controls.



ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
6th August 2021



OAK TREE HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OAK TREE HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021

Opinion

We have audited the financial statements of Oak Tree Housing Association Limited (the 'Association') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Cash Flows, Statement of Changes in Equity and related notes, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2021 and of the surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Housing (Scotland) Act 2010 and the Determination of Accounting Requirements 2019.

Basis of Opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Management Committee's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Association's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Management Committee with respect to going concern are described in the relevant sections of this report.

Other Information

The Management Committee is responsible for the other information. The other information comprises the information contained in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

OAK TREE HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OAK TREE HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021 (continued)

Other Information (Contd.)

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Co-operative and Community Benefit Societies Act 2014 require us to report to you if, in our opinion:

- proper books of account have not been kept by the Association in accordance with the requirements of the legislation;
- a satisfactory system of control over transactions has not been maintained by the Association in accordance with the requirements of the legislation;
- the Statement of Comprehensive Income and Statement of Financial Position are not in agreement with the books of account of the Association; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Management Committee

As explained more fully in the statement of Management Committee's responsibilities as set out on page 5, the Management Committee is responsible for the preparation of the financial statements and for being satisfied that they give true and fair view, and for such internal control as the Management Committee determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management Committee is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Management Committee either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

OAK TREE HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OAK TREE HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021 (continued)

The extent to which the audit was considered capable of detecting irregularities including fraud

Our approach to identifying and assessing the risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, was as follows:

- the engagement partner ensured that the engagement team collectively had the appropriate competence, capabilities and skills to identify or recognise non-compliance with applicable laws and regulations;
- we gained an understanding of the legal and regulatory framework applicable to the Association through discussions with management, and from our wider knowledge and experience of the RSL sector;
- we focused on specific laws and regulations which we considered may have a direct material effect on the financial statements or the operations of the Association, including the Co-operative and Community Benefit Societies Act 2014 (and related regulations), the Housing (Scotland) Act 2010 and other laws and regulations applicable to a registered social housing provider in Scotland. We also considered the risks of non-compliance with the other requirements imposed by the Scottish Housing Regulator and we considered the extent to which non-compliance might have a material effect on the financial statements.
- we assessed the extent of compliance with the laws and regulations identified above through making enquiries of management; and
- identified laws and regulations were communicated within the audit team regularly and the team remained alert to instances of non-compliance throughout the audit.

We assessed the susceptibility of the Association's financial statements to material misstatement, including obtaining an understanding of how fraud might occur, by:

- making enquiries of management as to where they considered there was susceptibility to fraud, their knowledge of actual, suspected and alleged fraud; and
- considering the internal controls in place to mitigate risks of fraud and non-compliance with laws and regulations.

To address the risk of fraud through management bias and override of controls, we:

- performed analytical procedures to identify any unusual or unexpected relationships;
- tested journal entries to identify unusual transactions;
- assessed whether judgements and assumptions made in determining the accounting estimates set out in Note 1 were indicative of potential bias; and
- investigated the rationale behind significant or unusual transactions.

In response to the risk of irregularities and non-compliance with laws and regulations, we designed procedures which included, but were not limited to:

- agreeing financial statement disclosures to underlying supporting documentation;
- reviewing the minutes of meetings of those charged with governance;
- enquiring of management as to actual and potential litigation and claims;
- reviewing the Association's Assurance Statement and associated supporting information; and
- reviewing correspondence with the Scottish Housing Regulator.

OAK TREE HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF OAK TREE HOUSING ASSOCIATION LIMITED FOR THE YEAR ENDED 31 MARCH 2021 (continued)

The extent to which the audit was considered capable of detecting irregularities including fraud (Contd.)

There are inherent limitations in our audit procedures described above. The more removed that laws and regulations are from financial transactions, the less likely it is that we would become aware of non-compliance. Auditing standards also limit the audit procedures required to identify non-compliance with laws and regulations to enquiry of the Directors and other management and the inspection of regulatory and legal correspondence, if any.

Material misstatements that arise due to fraud can be harder to detect than those that arise from error as they may involve deliberate concealment or collusion.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: <http://www.frc.org.uk/auditorsresponsibilities>. The description forms part of our audit report.

Use of our Report

This report is made solely to the Association's members as a body, in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the Association's members as a body, for our audit work, for this report, or for the opinions we have formed.



ALEXANDER SLOAN
Accountants and Business Advisers
Statutory Auditors
GLASGOW
2 August 2021



OAK TREE HOUSING ASSOCIATION LIMITED

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021	2020
		£	£
Revenue	2	11,197,500	11,715,358
Operating costs	2	8,739,979	9,474,980
OPERATING SURPLUS		2,457,521	2,240,378
Loss on sale of housing stock	7	-	(25,511)
Interest receivable and other income		76,179	104,288
Interest payable and similar charges	8	(228,917)	(254,589)
Other Finance income/(charges)	11	(44,202)	(88,018)
		(196,940)	(263,830)
SURPLUS FOR THE YEAR		2,260,581	1,976,548
Other comprehensive income			
Actuarial gains/(losses) on defined benefit pension plan	23	(1,780,000)	1,710,000
TOTAL COMPREHENSIVE INCOME		480,581	3,686,548

The results relate wholly to continuing activities.

The notes on pages 13 to 35 form an integral part of these financial statements.

OAK TREE HOUSING ASSOCIATION LIMITED

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2021

	Notes	2021		2020	
		£	£	£	£
NON-CURRENT ASSETS					
Housing properties - depreciated cost	12		98,395,071		97,059,467
Other tangible assets	12		2,222,061		1,095,547
Investments	13		102,501		102,501
			<u>100,719,633</u>		<u>98,257,515</u>
RECEIVABLES: Amounts falling due after more than one year					
	14		622,917		750,043
CURRENT ASSETS					
Receivables	15	515,397		725,472	
Investments	16	3,433,762		10,484,728	
Cash and cash equivalents	17	5,936,761		2,700,287	
			<u>9,885,920</u>	<u>13,910,487</u>	
CREDITORS: Amounts falling due within one year					
	18	(4,107,907)		(7,810,230)	
NET CURRENT ASSETS					
			<u>5,778,013</u>		<u>6,100,257</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			107,120,563		105,107,815
CREDITORS: Amounts falling due after more than one year					
	19		(14,219,294)		(16,341,493)
PENSIONS AND OTHER PROVISIONS FOR LIABILITIES AND CHARGES					
Scottish housing association pension scheme	23	(1,403,000)		(6,000)	
			(1,403,000)		(6,000)
DEFERRED INCOME					
Social housing grants	21	(62,393,318)		(60,127,214)	
Other grants	21	(279,329)		(288,057)	
			<u>(62,672,647)</u>	<u>(60,415,271)</u>	
NET ASSETS					
			<u><u>28,825,622</u></u>		<u><u>28,345,051</u></u>
EQUITY					
Share capital	22		204		214
Revenue reserves			30,228,418		28,350,837
Pension reserves			(1,403,000)		(6,000)
			<u>28,825,622</u>		<u>28,345,051</u>

The financial statements were approved by the Management Committee and authorised for issue and signed on their behalf on 2 August 2021.



Chairperson



Secretary



Committee Member

The notes on pages 13 to 35 form an integral part of these financial statements.

OAK TREE HOUSING ASSOCIATION LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2021

	Notes	2021		2020
		£	£	£
Surplus for the Year			2,260,581	1,976,548
<i>Adjustments for non-cash items:</i>				
Depreciation of tangible fixed assets	12	3,287,861	4,901,916	
Amortisation of capital grants	21	(2,096,751)	(3,210,257)	
Loss on disposal of tangible fixed assets		54,990	25,511	
Non-cash adjustments to pension provisions		(383,000)	(258,000)	
Share capital written off	22	(18)	(19)	
			<u>863,082</u>	<u>1,459,151</u>
Interest receivable			(76,179)	(104,288)
Interest payable	8		<u>228,917</u>	<u>254,589</u>
Operating cash flows before movements in working capital			3,276,401	3,586,000
Change in debtors		208,144	(70,499)	
Change in creditors		(8,669,563)	<u>136,497</u>	
			<u>(8,461,419)</u>	<u>65,998</u>
Net cash (outflow) / inflow from operating activities			<u>(5,185,018)</u>	<u>3,651,998</u>
Investing Activities				
Acquisition and construction of properties		(4,593,846)	(5,803,829)	
Purchase of other fixed assets		(1,211,123)	(88,071)	
Social housing grant received		9,352,753	6,924,224	
Social housing grant repaid		-	(69,448)	
Changes on short term deposits with banks		7,050,966	(5,743,763)	
Proceeds on disposal of housing properties		-	<u>161,622</u>	
Net cash inflow / (outflow) from investing activities			10,598,750	(4,619,265)
Financing Activities				
Loan repayments from Subsidiary		127,126	127,126	
Loan Advances Received		-	1,808,960	
Interest received on cash and cash equivalents		78,110	101,739	
Interest paid on loans		(231,123)	(252,383)	
Loan principal repayments		(2,151,379)	(973,835)	
Share capital issued	22	8	<u>2</u>	
Net cash (outflow) / inflow from financing activities			<u>(2,177,258)</u>	<u>811,609</u>
Increase/(decrease) in cash	24		3,236,474	(155,658)
Opening cash & cash equivalents			2,700,287	2,855,945
Closing cash & cash equivalents			<u>5,936,761</u>	<u>2,700,287</u>
Cash and cash equivalents as at 31 March				
Cash	24		5,936,761	2,700,287
			<u>5,936,761</u>	<u>2,700,287</u>

The notes on pages 13 to 35 form an integral part of these financial statements.

OAK TREE HOUSING ASSOCIATION LIMITED

STATEMENT OF CHANGES IN EQUITY AS AT 31 MARCH 2021

	Share Capital	Scottish Housing Association Pension reserve	Revenue Reserve	Total
	£	£	£	£
Balance as at 1 April 2019	231	(1,974,000)	26,632,289	24,658,520
Issue of Shares	2	-	-	2
Cancellation of Shares	(19)	-	-	(19)
Other comprehensive income	-	1,710,000	-	1,710,000
Other movements	-	258,000	(258,000)	-
Surplus for the year	-	-	1,976,548	1,976,548
Balance as at 31 March 2020	214	(6,000)	28,350,837	28,345,051
Balance as at 1 April 2020	214	(6,000)	28,350,837	28,345,051
Issue of Shares	8	-	-	8
Cancellation of Shares	(18)	-	-	(18)
Other comprehensive income	-	(1,780,000)	-	(1,780,000)
Other movements	-	383,000	(383,000)	-
Surplus for the year	-	-	2,260,581	2,260,581
Balance as at 31 March 2021	204	(1,403,000)	30,228,418	28,825,622

The notes on pages 13 to 35 form an integral part of these financial statements.

OAK TREE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL ACCOUNTING POLICIES

Statement of Compliance and Basis of Accounting

These financial statements were prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Statement of Recommended Practice for social housing providers 2018. The Association is a Public Benefit Entity in terms of its compliance with Financial Reporting Standard 102, applicable for accounting periods beginning on or after 1 January 2019. They comply with the Determination of Accounting Requirements 2019. A summary of the principal accounting policies is set out below:

Basis of Consolidation

The financial statements for Oak Tree Housing Association present information about it as an individual undertaking and not about the group.

Revenue

The Association recognises rent receivable net of losses from voids. Service Charge Income (net of voids) is recognised with expenditure as it is incurred as this is considered to be the point when the service has been performed and the revenue recognition criteria is met.

Government grants are released to income over the expected useful life of the asset to which they relate. Revenue grants are receivable when the conditions for receipt of the agreed grant funding have been met.

Retirement Benefits

The Association participates in the Scottish Housing Association Pension Scheme (SHAPS) a multi-employer defined benefit scheme. Retirement benefits to employees of the Association are funded by the contributions from all participating employers and employees in the Scheme. Payments are made in accordance with periodic calculations by consulting Actuaries and are based on pension costs applicable across the various participating organisations taken as a whole. The Association accounts for this scheme as a defined benefit pension scheme in accordance with FRS 102. The Association also participates in the SHAPS defined contribution scheme. Contributions to defined contribution plans are recognised as an employee benefit expense when they are due.

Going Concern

On the basis that the Management Committee has a reasonable expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, the Association has adopted the going concern basis of accounting in preparing these financial statements.

OAK TREE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Housing Properties

Housing properties are held for the provision of social housing. Housing properties are stated at cost less accumulated depreciation and impairment losses. Cost includes acquisition of land and buildings and development cost. The Association depreciates housing properties over the useful life of each major component. Housing under construction and land are not depreciated.

<i>Component</i>	<i>Useful Economic Life</i>
Structure	Over 50 years
Windows	Over 40 years
External Render	Over 40 years
Internal Doors	Over 40 years
Roofs	Over 40 years
Radiators & Pipes	Over 30 years
Rewire	Over 30 years
Parking Areas	Over 30 years
Bathrooms	Over 20 years
External Doors	Over 20 years
Boiler & Flush	Over 15 years
Door Entry System	Over 10 years
Kitchens	Over 10 years
Play Areas	Over 5 years

Depreciation and Impairment of Other Tangible Assets

Non-current assets are stated at cost less accumulated depreciation. Depreciation is charged over the expected economic useful lives of the assets at the following annual rates:

<i>Asset Category</i>	<i>Depreciation Rate</i>
Office Premises	2.5% Straight Line
Furniture and Fittings	20% Reducing Balance
Computer Equipment	25% Straight Line
Office Equipment	20% Reducing Balance

The carrying values of non-current assets are reviewed for impairment at the end of each reporting period.

Social Housing Grants and Other Capital Grants

Social housing grants and other capital grants are accounted for using the Accrual Method as outlined in Section 24 of Financial Reporting Standard 102. Grants are treated as deferred income and recognised in income on a systematic basis over the expected useful life of the property and assets to which they relate.

Social housing grant attributed to individual components is written off to the statement of comprehensive income when these components are replaced.

Although social housing grant is treated as a grant for accounting purposes, it may nevertheless become repayable in certain circumstances, such as the disposal of certain assets. The amount repayable would be restricted to the net proceeds of sale.

OAK TREE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (Continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Sales Of Housing Properties

First tranche Shared Ownership disposals are credited to turnover on completion. The cost of construction of these sales is taken to operating cost. In accordance with the Statement of Recommended Practice, disposals of subsequent tranches are treated as non-current asset disposals with the gain or loss on disposal shown in the Statement of Comprehensive Income.

Disposals under shared equity schemes are accounted for in the Statement of Comprehensive Income. The remaining equity in the property is treated as a non-current asset investment, which is matched with the grant received.

Taxation

The Association is a Scottish Charity and is not liable to taxation on its charitable activities.

Leases

Costs in respect of operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term. Assets held under finance leases and hire purchase contracts are capitalised in the Statement of Financial Position and are depreciated over their useful lives or the term of the lease whichever is shorter.

Works to Existing Properties

The Association capitalises major repairs expenditure where these works result in an enhancement of economic benefits by increasing the net rental stream over the life of the property, a material reduction in future maintenance costs, or a significant extension of the life of the property.

VAT

The Association is VAT registered but the substantial proportion of its income is exempt for VAT purposes. As a result most of the VAT paid is not recovered and therefore expenditure is shown inclusive of VAT. The Association is also part of a VAT Group and as a result no VAT is accounted for in intra-group transactions.

OAK TREE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued.)

Key Judgements and estimates made in the application of Accounting Policies

The preparation of financial statements requires the use of certain accounting judgements and accounting estimates. It also requires the the Association to exercise judgement in applying the it's accounting policies. The areas requiring a higher degree of judgement, or complexity, and areas where assumptions or estimates are most significant to the financial statements are disclosed below.

Key Judgements

a) Categorisation of Housing Properties

In the judgement of the Management Committee the entirety of the Association's housing stock is held for social benefit and is therefore classified as Property, Plant and Equipment in accordance with FRS 102.

b) Identification of cash generating units

The Management Committee considers its cash-generating units to be the schemes in which it manages its housing property for asset management purposes.

c) Pension Liability

The Association participates in a defined benefit pension scheme arrangement with the Scottish Housing Association Pension Scheme. The fund is administered by the Pensions Trust. The Pension Trust have developed a method of calculating each member's share of the assets and liabilities of the scheme. The Association has decided that this method is appropriate and provides a reasonable estimate of the pension assets and liabilities of the Association and has therefore adopted this valuation method.

Estimation Uncertainty

a) Rent Arrears - Bad Debt Provision

The Association assesses the recoverability of rent arrears through a detailed assessment process which considers tenant payment history, arrangements in place and court action.

b) Life Cycle of Components

The Association estimates the useful lives of major components of its housing property with reference to surveys carried out by external qualified surveyors.

c) Useful life of properties, plant and equipment

The Association assesses the useful life of its properties, plant and equipment and estimates the annual charge to be depreciated based on this assessment.

d) Costs of shared ownership

The Association allocates costs to shared ownership properties on an percentage basis split across the number of properties the Association owns.

e) Defined pension liability

In determining the value of the Association's share of defined benefit pension scheme assets and obligations, the valuation prepared by the Scheme actuary includes estimates of life expectancy, salary growth, inflation and the discount rate on corporate bonds.

f) Allocation of share of assets and liabilities for multi-employer scheme

Judgements in respect of the assets and liabilities to be recognised are based upon source information provided by administrators of the multi employer pension scheme and estimations performed by the Pensions Trust.

OAK TREE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

2. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT

	Notes	2021			2020		
		Turnover £	Operating costs £	Operating surplus / (deficit) £	Turnover £	Operating costs £	Operating surplus / (deficit) £
Affordable letting activities	3	10,405,092	7,866,498	2,538,594	11,258,173	8,906,426	2,351,747
Other Activities	4	792,408	873,481	(81,073)	457,185	568,554	(111,369)
Total		11,197,500	8,739,979	2,457,521	11,715,358	9,474,980	2,240,378

3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM AFFORDABLE LETTING ACTIVITIES

	General Needs Housing £	Supported Housing £	Shared Ownership £	2021 Total £	2020 Total £
Revenue from Lettings					
Rent receivable net of service charges	7,628,678	332,438	271,734	8,232,850	8,007,669
Service charges receivable	96,426	18,852	9,572	124,850	128,122
Gross income from rent and service charges	7,725,104	351,290	281,306	8,357,700	8,135,791
Less: Rent losses from voids	99,746	15,479	-	115,225	177,741
Income from rents and service charges	7,625,358	335,811	281,306	8,242,475	7,958,050
Grants released from deferred income	1,927,594	75,898	93,260	2,096,752	3,210,257
Revenue grants from Scottish Ministers	46,719	-	-	46,719	88,896
Other revenue grants	19,146	-	-	19,146	970
Total turnover from affordable letting activities	9,618,817	411,709	374,566	10,405,092	11,258,173
Expenditure on affordable letting activities					
Management and maintenance administration costs	2,163,349	94,273	77,059	2,334,681	2,285,751
Service costs	156,093	30,517	15,495	202,105	169,893
Planned and cyclical maintenance, including major	1,124,943	33,445	-	1,158,388	527,351
Reactive maintenance costs	865,185	30,116	-	895,301	955,339
Bad Debts - rents and service charges	12,648	-	-	12,648	40,278
Depreciation of affordable let properties	3,013,255	124,744	125,376	3,263,375	4,927,814
Operating costs of affordable letting activities	7,335,473	313,095	217,930	7,866,498	8,906,426
Operating surplus on affordable letting activities	2,283,344	98,614	156,636	2,538,594	2,351,747
2020	2,100,890	95,841	155,016		

OAK TREE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

4. PARTICULARS OF REVENUE, OPERATING COSTS AND OPERATING SURPLUS OR DEFICIT FROM OTHER ACTIVITIES

	Grants from Scottish Ministers	Other revenue grants	Other income	Total Turnover	Operating costs - bad debts	Other operating costs	Operating surplus / (deficit) 2021	Operating surplus / (deficit) 2020
	£	£	£	£	£	£	£	£
Contracted out services undertaken for other organisations, (Finance Services)	-	-	171,518	171,518	-	171,518	-	-
Factoring	-	-	120,566	120,566	2,323	120,567	(2,324)	(6,444)
Donation from Subsidiary	-	-	-	-	-	-	-	50,000
Wider role activities	-	-	352,681	352,681	-	399,703	(47,022)	(50,227)
Other activities	-	-	24,316	24,316	-	44,370	(20,054)	(19,020)
Investment property activities	-	-	23,958	23,958	-	-	23,958	21,625
Developments	-	-	99,369	99,369	-	135,000	(35,631)	(107,386)
Lead tenancy income	-	-	-	-	-	-	-	83
Total From Other Activities	-	-	792,408	792,408	2,323	871,158	(81,073)	(111,369)
2020	-	-	457,185	457,185	5,801	562,753	(111,369)	

OAK TREE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

5. OFFICERS' EMOLUMENTS

	2021	2020
	£	£
The Officers are defined in the Co-operative and Community Benefit Societies Act 2014 as the members of the Management Committee, managers and employees of the Association.		
Aggregate emoluments payable to Officers with emoluments greater than £60,000 (excluding pension contributions)	303,132	301,783
Pension contributions made on behalf on Officers with emoluments greater than £60,000	49,781	34,896
Emoluments payable to Chief Executive Officer (excluding pension contributions)	96,188	94,674
Pension contributions paid on behalf of the Chief Executive Officer	9,042	6,485
Total emoluments payable to the Chief Executive Officer	105,230	101,159
Total emoluments paid to key management personnel	396,452	377,836

The number of Officers, including the highest paid Officer, who received emoluments, including pension contributions, over £60,000 was in the following ranges:-

	Number	Number
£60,001 to £70,000	1	1
£70,001 to £80,000	-	1
£80,001 to £90,000	1	-
£90,001 to £100,000	1	1
£100,001 to £110,000	1	1

6. EMPLOYEE INFORMATION

	2021	2020
	No.	No.
Average monthly number of full time equivalent persons employed during the year	36	38
Average total number of employees employed during the year	45	48
Staff costs were:	£	£
Wages and salaries	1,465,047	1,449,635
National insurance costs	149,470	146,758
Pension costs	144,517	125,692
Temporary, agency and seconded staff	84,183	57,848
	1,843,217	1,779,933

Included within Pension Costs above, is an amount of £317,390, paid towards the past service deficit within the year, £205,599 for annual pension contributions and £(379,000), which relates to adjustments in respect of the pension valuation provided by The Pension Trust to reflect the actual pension cost.

OAK TREE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

7. LOSS ON SALE OF HOUSING STOCK

	2021	2020
	£	£
Sales proceeds	-	91,234
Cost of sales	-	116,745
Loss on sale of housing stock	-	(25,511)

8. INTEREST PAYABLE AND SIMILAR CHARGES

	2021	2020
	£	£
On bank loans and overdrafts	228,917	254,589

9. SURPLUS FOR THE YEAR

	2021	2020
	£	£
Surplus For The Year is stated after charging/(crediting):		
Depreciation - non-current assets	3,287,861	4,901,916
Auditors' remuneration - audit services	8,575	8,203
Auditors' remuneration - other services	2,405	2,157
Operating lease rentals - other	4,012	10,573
Loss on sale of other non-current assets	-	25,511

10. CORPORATION TAX

The Association is a Registered Scottish Charity and is not liable to United Kingdom Corporation Tax on its charitable activities.

11. OTHER FINANCE INCOME / (CHARGES)

	2021	2020
	£	£
Non Utilisation and Loan Set-Up Fees	(48,202)	(46,018)
Net interest on pension obligations	4,000	(42,000)
	(44,202)	(88,018)

OAK TREE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
NOTES TO THE FINANCIAL STATEMENTS (continued)

12. NON-CURRENT ASSETS

(a) Housing Properties	Housing Properties Held for Letting £	Housing Properties In course of Construction £	Shared Ownership Completed £	Total £
COST				
At 1 April 2020	137,209,637	1,778,944	5,645,164	144,633,745
Additions	181,955	4,411,891	-	4,593,846
Disposals	(554,517)	-	-	(554,517)
Transfers	-	-	-	-
At 31 March 2021	<u>136,837,075</u>	<u>6,190,835</u>	<u>5,645,164</u>	<u>148,673,074</u>
DEPRECIATION				
At 1 April 2020	45,665,449	-	1,908,829	47,574,278
Charge for Year	3,077,876	-	125,376	3,203,252
Disposals	(499,527)	-	-	(499,527)
At 31 March 2021	<u>48,243,798</u>	<u>-</u>	<u>2,034,205</u>	<u>50,278,003</u>
NET BOOK VALUE				
At 31 March 2021	<u>88,593,277</u>	<u>6,190,835</u>	<u>3,610,959</u>	<u>98,395,071</u>
At 31 March 2020	<u>91,544,188</u>	<u>1,778,944</u>	<u>3,736,335</u>	<u>97,059,467</u>

Expenditure on Existing Properties	2021		2020	
	Component replacement £	Improvement / Repairs £	Component replacement £	Improvement / Repairs £
Amounts capitalised	181,955	-	800,815	-
Amounts charged to the statement of comprehensive income	-	2,053,689	-	1,482,690
	<u>-</u>	<u>2,053,689</u>	<u>-</u>	<u>1,482,690</u>

All land and housing properties are heritable.

The Association's lenders have standard securities over housing property with a carry value of £68,150,520 (2020 - £70,058,574).

OAK TREE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021
 NOTES TO THE FINANCIAL STATEMENTS (continued)

12. NON CURRENT ASSETS (continued)

(b) Other tangible assets	Office Premises £	Furniture & Equipment £	Machinery & Equipment £	Computer Equipment £	Total £
COST					
At 1 April 2020	1,140,703	37,053	36,322	161,586	1,375,664
Additions	1,186,348	-	-	24,775	1,211,123
Eliminated on disposals	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2021	2,327,051	37,053	36,322	186,361	2,586,787
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
DEPRECIATION					
At 1 April 2020	96,382	33,619	30,039	120,077	280,117
Charge for year	57,242	687	1,257	25,423	84,609
Eliminated on disposals	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2021	153,624	34,306	31,296	145,500	364,726
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET BOOK VALUE					
At 31 March 2021	2,173,427	2,747	5,026	40,861	2,222,061
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 2020	1,044,321	3,434	6,283	41,509	1,095,547
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

OAK TREE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

13. FIXED ASSET INVESTMENTS

Investment properties

	2021	2020
	£	£
At 1 April 2020 and 31 March 2021	102,500	102,500

All Investment properties were valued by independent qualified surveyors on 23 April 2021 and 31 March 2018.

	2021	2020
	£	£
Subsidiary undertakings	1	1

In the opinion of the Management Committee the aggregate value of the assets of the subsidiary is not less than the aggregate of the amounts at which those assets are stated in the Association's statement of financial position.

Subsidiary Undertakings

Oak Tree Housing Association Limited has the following wholly owned subsidiary undertakings.

The relationship between the Association and each subsidiary is set out in an independence agreement between both parties.

	2021		2020	
	<i>Reserves</i>	<i>Profit /</i>	<i>Reserves</i>	<i>Profit /</i>
	£	(Loss)	£	(Loss)
		£		£
Oak Tree Housing Initiatives Ltd	16,195	31	16,164	15,937
Cloch Housing Association	16,046,893	671,944	15,374,949	2,849,741

14. RECEIVABLE AMOUNTS DUE AFTER MORE THAN ONE YEAR

	2021	2020
	£	£
Loans due from subsidiary	622,917	750,043

The loan to Cloch Housing Association Ltd is being repaid over a 15 year period, (due to be repaid by March 2027). The loan is secured over housing properties belonging to Cloch Housing Association Ltd.

OAK TREE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

15. RECEIVABLES		
	2021	2020
	£	£
Gross arrears of rent & service charges	256,686	284,152
Less: Provision for doubtful debts	<u>(154,329)</u>	<u>(160,868)</u>
<i>Net arrears of rent and service charges</i>	102,357	123,284
Other receivables	277,594	462,414
Amounts due from group undertakings	<u>135,446</u>	<u>139,774</u>
	<u><u>515,397</u></u>	<u><u>725,472</u></u>

16. CURRENT ASSET INVESTMENTS		
	2021	2020
	£	£
Short term deposits	<u>3,433,762</u>	<u>10,484,728</u>

17. CASH AND CASH EQUIVALENTS		
	2021	2020
	£	£
Cash at bank and in hand	<u>5,936,761</u>	<u>2,700,287</u>

18. PAYABLES: AMOUNTS FALLING DUE WITHIN ONE YEAR		
	2021	2020
	£	£
Bank loans	1,178,000	1,207,180
Trade payables	60,901	83,333
Rent received in advance	326,139	312,406
Social housing grant in advance	139,290	139,290
Other taxation and social security	39,478	44,350
Amounts due to group undertakings	755,480	19,289
Other payables	174,565	141,339
Accruals and deferred income	<u>1,434,054</u>	<u>5,863,043</u>
	<u><u>4,107,907</u></u>	<u><u>7,810,230</u></u>

19. PAYABLES: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
	2021	2020
	£	£
Bank loans	<u>14,219,294</u>	<u>16,341,493</u>
	<u><u>14,219,294</u></u>	<u><u>16,341,493</u></u>

OAK TREE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

20. DEBT ANALYSIS - BORROWINGS

	2021	2020
	£	£
Bank Loans		
Amounts due within one year	1,178,000	1,207,180
Amounts due in one year or more but less than two years	1,192,500	1,221,380
Amounts due in two years or more but less than five years	3,497,200	3,572,130
Amounts due in more than five years	9,529,600	11,547,980
	<u>15,397,300</u>	<u>17,548,670</u>

The Association has a number of bank loans the principal terms of which are as follows:

Lender	Number of Properties Secured	Effective Interest Rate	Maturity Variable or (Year) Fixed
Nationwide	158	0.9%	2038 Fixed
Nationwide	308	1.7%	2038 Fixed
Nationwide	256	1.7%	2033 Fixed
Nationwide	570	1.5%	2033 Fixed
Royal Bank of Scotland	198	0.7%	2028 Variable
Scottish Government	-	0.0%	2024 Interest Free

All the Association's bank borrowings are repayable on a monthly basis with the principal being amortised over the term of the loans.

OAK TREE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

21. DEFERRED INCOME

	Social Housing Grants £	Other Housing Grants £	Total £
Capital grants received			
At 1 April 2020	96,158,514	392,800	96,551,314
Additions in the year	4,354,127	-	4,354,127
Eliminated on disposal	-	-	-
At 31 March 2021	<u>100,512,641</u>	<u>392,800</u>	<u>100,905,441</u>
Amortisation			
At 1 April 2020	36,031,300	104,743	36,136,043
Amortisation in year	2,088,023	8,728	2,096,751
Eliminated on disposal	-	-	-
At 31 March 2021	<u>38,119,323</u>	<u>113,471</u>	<u>38,232,794</u>
Net book value			
At 31 March 2021	<u>62,393,318</u>	<u>279,329</u>	<u>62,672,647</u>
At 31 March 2020	<u>60,127,214</u>	<u>288,057</u>	<u>60,415,271</u>

This is expected to be released to the Statement of Comprehensive Income in the following years:

	2021 £	2020 £
Amounts due within one year	2,096,751	2,139,577
Amounts due in more than one year	60,575,897	58,275,694
	<u>62,672,648</u>	<u>60,415,271</u>

22. SHARE CAPITAL

	2021 £	2020 £
Shares of £1 each, issued and fully paid		
At 1 April	214	231
Issued in year	8	2
Cancelled in year	(18)	(19)
At 31 March	<u>204</u>	<u>214</u>

Each member of the Association holds one share of £1 in the Association. These shares carry no rights to dividend or distributions on a winding up. When a shareholder ceases to be a member, that person's share is cancelled and the amount paid thereon becomes the property of the Association. Each member has a right to vote at members' meetings.

OAK TREE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

23. RETIREMENT BENEFIT OBLIGATIONS

Scottish Housing Association Pension Scheme

Oak Tree Housing Association Limited participates in the Scottish Housing Association Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 150 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, sets out the framework for funding defined benefit occupational pensions schemes in the UK.

The last valuation of the Scheme was performed as at 30 September 2018 by a professionally qualified actuary using the Projected Unit Credit method. The market value of the Scheme's assets at the valuation date was £877m. The valuation revealed a shortfall of assets compared with the value of liabilities of £121m (equivalent to a past service funding level of 89%). A recovery plan is in place to eliminate the past service deficit which runs to 28 February 2022.

The Scheme operates on a 'last man standing' basis, meaning that in the event of an employer withdrawing from the Scheme and being unable to pay its share of the debt on withdrawal, then the liability of the withdrawing employer is reapportioned amongst the remaining employers. Therefore in certain circumstances the Association may become liable for the obligations of a third party.

Present values of defined benefit obligation, fair value of assets and defined benefit asset / (liability)

	2021 £	2020 £	2019 £
Fair value of plan assets	13,143,000	10,640,000	9,444,000
Present value of defined benefit obligation	14,546,000	10,646,000	11,418,000
Surplus / (deficit) in plan	(1,403,000)	(6,000)	(1,974,000)
Unrecognised surplus	-	-	-
Defined benefit asset / (liability) to be recognised	(1,403,000)	(6,000)	(1,974,000)

OAK TREE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

23. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Reconciliation of opening and closing balances of the defined benefit obligation

	2021	2020
	£	£
Defined benefit obligation at the start of period	10,646,000	11,418,000
Current service cost	123,000	136,000
Expenses	10,000	9,000
Interest expense	253,000	268,000
Contributions by plan participants	122,000	136,000
Actuarial losses (gains) due to scheme experience	907,000	243,000
Actuarial losses (gains) due to changes in demographic assumptions	-	(65,000)
Actuarial losses (gains) due to changes in financial assumptions	2,614,000	(1,272,000)
Benefits paid and expenses	(129,000)	(227,000)
Defined benefit obligation at the end of period	<u>14,546,000</u>	<u>10,646,000</u>

Reconciliation of opening and closing balances of the fair value of plan assets

	2021	2020
	£	£
Fair value of plan assets at start of period	10,640,000	9,444,000
Interest income	257,000	226,000
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	1,741,000	616,000
Contributions by the employer	512,000	445,000
Contributions by plan participants	122,000	136,000
Benefits paid and expenses	(129,000)	(227,000)
Fair value of plan assets at the end of period	<u>13,143,000</u>	<u>10,640,000</u>

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2021 was £1,998,000.

OAK TREE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

23. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Defined benefit costs recognised in the statement of comprehensive income

	2021 £	2020 £
Current service cost	123,000	136,000
Expenses	10,000	9,000
Net interest expense	(4,000)	42,000
Defined benefit costs recognised in statement of comprehensive income	<u>129,000</u>	<u>187,000</u>

Defined benefit costs recognised in the other comprehensive income

	2021 £	2020 £
Experience on plan assets (excluding amounts included in interest income) - gain /(loss)	1,741,000	616,000
Experience gains and losses arising on plan liabilities - gain /(loss)	(907,000)	(243,000)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligations - gain /(loss)	-	65,000
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligations - gain / (loss)	(2,614,000)	1,272,000
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain / (loss)	<u>(1,780,000)</u>	<u>1,710,000</u>
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in interest cost) - gain / (loss)	-	-
Total amount recognised in other comprehensive income - gain (loss)	<u>(1,780,000)</u>	<u>1,710,000</u>

OAK TREE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

23. RETIREMENT BENEFIT OBLIGATIONS (continued)

Scottish Housing Association Pension Scheme (continued.)

Assets

	2021	2020	2019
	£	£	£
Absolute Return	648,000	653,000	800,000
Alternative Risk Premia	527,000	853,000	527,000
Corporate Bond Fund	991,000	778,000	662,000
Credit Relative Value	379,000	256,000	164,000
Distressed Opportunities	449,000	194,000	161,000
Emerging Markets Debt	530,000	378,000	303,000
Fund of Hedge Funds	-	-	26,000
Global Equity	2,033,000	1,463,000	1,519,000
Index Linked All Stock Gilts	-	-	-
High Yield	344,000	-	-
Opportunistic Credit	359,000	-	-
Cash	5,000	-	-
Infrastructure	734,000	627,000	396,000
Insurance-Linked Securities	275,000	285,000	245,000
Liability Driven Investment	3,159,000	2,802,000	3,360,000
Long Lease Property	305,000	260,000	115,000
Net Current Assets	98,000	81,000	10,000
Over 15 Year Gilts	6,000	135,000	243,000
Private Debt	310,000	211,000	122,000
Property	236,000	198,000	188,000
Risk Sharing	470,000	337,000	274,000
Secured Income	722,000	591,000	329,000
Liquid Credit	227,000	279,000	-
Opportunistic Illiquid Credit	336,000	259,000	-
Total assets	13,143,000	10,640,000	9,444,000

None of the fair values of the assets shown above include any direct investment in the Association's own financial instruments or any property occupied by, or other assets used by the Association.

Key Assumptions

	2021	2020	2019
Discount Rate	2.2%	2.4%	2.3%
Inflation (RPI)	3.3%	2.6%	3.3%
Inflation (CPI)	2.9%	1.6%	2.3%
Salary Growth	3.9%	2.6%	3.3%
	75% of		
	maximum	75% of maximum	75% of maximum
Allowance for commutation of pension for cash at retirement	allowance	allowance	allowance

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	Life expectancy at age 65 (years)
Male retiring in 2021	21.5
Female retiring in 2021	23.4
Male retiring in 2041	22.8
Female retiring in 2041	25.0

OAK TREE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

24. CASH FLOWS

Reconciliation of net cash flow to movement in net debt

	£	2021 £	£	2020 £
Increase / (decrease) in cash	3,236,474		(155,658)	
Change in liquid resources	(7,050,966)		5,743,763	
Cashflow from change in net debt	<u>2,151,379</u>		<u>(835,125)</u>	
Movement in net debt during the year		(1,663,113)		4,752,980
Net debt at 1 April		<u>(4,363,658)</u>		<u>(9,116,638)</u>
Net debt at 31 March		<u>(6,026,771)</u>		<u>(4,363,658)</u>

	At 01 April 2020 £	Cashflows £	Other Changes £	At 31 March 2021 £
Cash and cash equivalents	<u>2,700,287</u>	<u>3,236,474</u>	<u>-</u>	<u>5,936,761</u>
Liquid resources	2,700,287	3,236,474	-	5,936,761
Debt: Due within one year	10,484,728	(7,050,966)	-	3,433,762
Due after more than one year	(1,207,180)	2,151,379	(2,122,199)	(1,178,000)
	<u>(16,341,493)</u>	<u>-</u>	<u>2,122,199</u>	<u>(14,219,294)</u>
Net debt	<u>(4,363,658)</u>	<u>(1,663,113)</u>	<u>-</u>	<u>(6,026,771)</u>

25. CAPITAL COMMITMENTS

	2021 £	2020 £
Capital Expenditure that has been contracted for but has not been provided for in the financial statements	<u>13,991,960</u>	<u>6,635,860</u>

The above commitments will be financed by a mixture of private finance, public grant and the Association's own resources.

26. COMMITMENTS UNDER OPERATING LEASES

	2021 £	2020 £
At the year end, the total minimum lease payments under non-cancellable operating leases were as follows:		
Other		
Expiring in the next year	3,379	4,012
Expiring later than one year and not later than five years	<u>1,276</u>	<u>4,665</u>

OAK TREE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

27. DETAILS OF ASSOCIATION

The Association is a Registered Society registered with the Financial Conduct Authority and is domiciled in Scotland.

The Association's principal place of business is 41 High Street, Greenock, PA15 1NR.

The Association is a Registered Social Landlord and Scottish Charity that owns and manages social housing property in Inverclyde.

28. MANAGEMENT COMMITTEE MEMBER EMOLUMENTS

Management Committee members received £0 (2020 - £233) in the year by way of reimbursement of expenses. No remuneration is paid to Management Committee members in respect of their duties to the Association.

30. HOUSING STOCK

The number of units of accommodation in management at the year end was:-	2021 No.	2020 No.
General needs	1,695	1,740
Supported housing	59	57
Shared ownership	94	94
	<u>1,848</u>	<u>1,891</u>

OAK TREE HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2021 NOTES TO THE FINANCIAL STATEMENTS (continued)

31. RELATED PARTY TRANSACTIONS

Members of the Management Committee are related parties of the Association as defined by Financial Reporting Standard 102.

Those members who are tenants of the Association have tenancies that are on the Association's normal tenancy terms and they cannot use their positions to their advantage.

Any transactions between the Association and any entity with which a Management Committee member has a connection with is made at arm's length and is under normal commercial terms.

Transactions with Management Committee members (and their close family) were as follows:

	2021	2020
	£	£
Rent received from tenants on the Management Committee and their close family members.	34,753	33,859

At the year end total rent arrears owed by the tenant members on the Management Committee (and their close family) were £724 (2020 - £1,290).

Members of the Management Committee who were tenants during the year.	8	6
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The Association have taken advantage of the exemption with FRS 102 from disclosing related party transactions with 100% subsidiaries.