

**Agenda Item 4.2**

**REPORT TO GOVERNANCE, FINANCE AND STAFFING SUB-COMMITTEE**

**6<sup>TH</sup> AUGUST 2020**

**SUBJECT: COVENANT COMPLIANCE TO 30<sup>TH</sup> JUNE 2020**

**PREPARED AND PRESENTED BY: G. WATSON, FINANCE MANAGER**

This report informs the Management Committee of the Associations compliance with our banking covenants, as set out in our loan agreements with the Triodos Bank.

A Covenant is a condition of a loan that lender uses to monitor a borrower's performance during the period covered by the loan. The covenants are detailed in the attached papers.

Yorkhill Housing Association Ltd is complying with all of its loan covenants with Triodos Bank as at 30<sup>th</sup> June 2020.

The Management Committee is asked to note the Association's compliance with its banking covenants to 30<sup>th</sup> June 2020.

**TRIODOS LOAN COVENANT REPORT****Triodos Covenants at 30th June 2020**

The Association will satisfy the loan covenants with Triodos as at 30.06.20.

**1. Interest Cover**

The interest cover ratio is the measure of the Association's ability to meet its interest payments:

Operating Surplus	97,965
Add back depreciation of housing properties	120,573
Add back gain/deduct loss on disposals of properties	0
Deduct amortisation of public sector grant	-73,250
Deduct any payment made in year towards Pension deficit	-23,783
<b>Adjusted Operating Surplus</b>	<b>121,505</b>
Interest Payable	7,829
Interest Receivable	-362
<b>Net Interest payable</b>	<b>7,467</b>
Interest Cover	16.27
Covenant	1.1
Covenant satisfied	YES

**2. Debt Service Cover**

The debt service coverage ratio is the ration of cash available for debt servicing to interest, principal and lease:

Adjusted Operating Surplus	121,505
Net Interest Paid	7,729

Loan Repayments	11,967
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	19,696
<b>DSC</b>	6.17

## **2. Asset Cover**

Asset Cover shows that the valuation of properties cover the loan balances outstanding.

Bank Indebtedness	970,095
Security Cover MV-T	2,250,000
<b>Asset Cover</b>	<b>2.32</b>
Covenant	1.25
Covenant satisfied	YES