

**Agenda Item 6.2**

**REPORT TO GOVERNANCE, FINANCE AND STAFFING SUB-COMMITTEE**  
**30<sup>TH</sup> SEPTEMBER 2020**

**SUBJECT: COVENANT COMPLIANCE TO 30<sup>TH</sup> SEPT 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> September 2020.

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

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

The Association will satisfy the loan covenants with Triodos as at 30.09.20.

**1. Interest Cover**

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

Operating Surplus	136,668
Add back depreciation of housing properties	241,146
Add back gain/deduct loss on disposals of properties	0
Deduct amortisation of public sector grant	-146,501
Deduct any payment made in year towards Pension deficit	-47,181
<b>Adjusted Operating Surplus</b>	<b>184,132</b>
Interest Payable	15,561
Interest Receivable	-362
<b>Net Interest payable</b>	<b>15,199</b>
Interest Cover	12.11
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	184,132
Net Interest Paid	15,561

Loan Repayments	24,010
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	39,571
<b>DSC</b>	4.65

## **2. Asset Cover**

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

Bank Indebtedness	958,039
Security Cover MV-T	2,250,000
<b>Asset Cover</b>	<b>2.35</b>
Covenant	1.25
Covenant satisfied	YES