

**Agenda Item 4.2**

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

**22<sup>nd</sup> APRIL 2021**

**SUBJECT: COVENANT COMPLIANCE TO 31<sup>st</sup> MARCH 2021**

**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 31<sup>st</sup> March 2021.

The Management Committee is asked to note the Association's compliance with its banking covenants to 31<sup>st</sup> March 2021.

**TRIODOS LOAN COVENANT REPORT****Triodos Covenants at 31st March 2021**

The Association will satisfy the loan covenants with Triodos as at 31.03.21

**1. Interest Cover**

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

Operating Surplus	355,308
Add back depreciation of housing properties	469,341
Add back gain/deduct loss on disposals of properties	0
Deduct amortisation of public sector grant	-287,400
Deduct any payment made in year towards Pension deficit	-93,459
<b>Adjusted Operating Surplus</b>	<b>443,790</b>
Interest Payable	30,738
Interest Receivable	-5,153
<b>Net Interest payable</b>	<b>25,585</b>
Interest Cover	17.35
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	443,790
Net Interest Paid	30,738

Loan Repayments	48,400
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	79,138
<b>DSC</b>	5.61

## **2. Asset Cover**

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

Bank Indebtedness	933,642
Security Cover MV-T	2,250,000
<b>Asset Cover</b>	<b>2.41</b>
Covenant	1.25
Covenant satisfied	YES