

**Agenda Item 4.2**

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

**05<sup>th</sup> AUGUST 2021**

**SUBJECT: COVENANT COMPLIANCE TO 30<sup>th</sup> JUNE 2021**

**PREPARED 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 2021.

The Management Committee is asked to note the Association's compliance with its banking covenants to 30<sup>th</sup> June 2021.

**TRIODOS LOAN COVENANT REPORT****Triodos Covenants at 30th June 2021**

The Association will satisfy the loan covenants with Triodos as at 30.06.21

**1. Interest Cover**

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

Operating Surplus	6,817
Add back depreciation of housing properties	128,924
Add back gain/deduct loss on disposals of properties	0
Deduct amortisation of public sector grant	-71,850
Deduct any payment made in year towards Pension deficit	-23,602
<b>Adjusted Operating Surplus</b>	<b><u>40,289</u></b>
Interest Payable	7,441
Interest Receivable	0
<b>Net Interest payable</b>	<b><u>7,441</u></b>
Interest Cover	5.41
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	40,289
Net Interest Paid	7,441

Loan Repayments	12,346
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	19,787
<b>DSC</b>	2.04

## **2. Asset Cover**

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

Bank Indebtedness	921,295
Security Cover MV-T	2,250,000
<b>Asset Cover</b>	<b>2.44</b>
Covenant	1.25
Covenant satisfied	YES