

**Agenda Item 5.2**

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

**28<sup>th</sup> OCTOBER 2021**

**SUBJECT: COVENANT COMPLIANCE TO 30<sup>th</sup> SEPT 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> September 2021.

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

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

The Association will satisfy the loan covenants with Triodos as at 30.09.21

**1. Interest Cover**

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

Operating Surplus	27,011
Add back depreciation of housing properties	257,847
Add back gain/deduct loss on disposals of properties	0
Deduct amortisation of public sector grant	-143,700
Deduct any payment made in year towards Pension deficit	-47,437
<b>Adjusted Operating Surplus</b>	<b>93,721</b>
Interest Payable	14,783
Interest Receivable	-17
<b>Net Interest payable</b>	<b>14,766</b>
Interest Cover	6.35
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	93,721
Net Interest Paid	14,766

Loan Repayments	25,150
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	39,916
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**DSC** 2.35

## **2. Asset Cover**

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

Bank Indebtedness	908,847
Security Cover MV-T	2,250,000
<b>Asset Cover</b>	<b>2.48</b>
Covenant	1.25
Covenant satisfied	YES