

Agenda Item 4.2

REPORT TO GOVERNANCE, FINANCE AND STAFFING SUB-COMMITTEE

27th January 2022

SUBJECT: COVENANT COMPLIANCE TO 31ST DECEMBER 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 31st December 2021.

The Management Committee is asked to note the Association's compliance with its banking covenants to 31st December 2021.

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

The Association will satisfy the loan covenants with Triodos as at 31.12.21

1. Interest Cover

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

Operating Surplus	134,754
Add back depreciation of housing properties	370,610
Add back gain/deduct loss on disposals of properties	0
Deduct amortisation of public sector grant	-214,398
Deduct any payment made in year towards Pension deficit	-71,269
Adjusted Operating Surplus	<u>219,697</u>
Interest Payable	22,025
Interest Receivable	-17
Net Interest payable	<u>22,008</u>
Interest Cover	9.98
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	219,697
Net Interest Paid	22,024

Loan Repayments	37,327
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	59,351
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DSC	3.70

2. Asset Cover

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

Bank Indebtedness	896,301
Security Cover MV-T	2,250,000
Asset Cover	2.51
Covenant	1.25
Covenant satisfied	YES