Agenda Item 4.2

REPORT TO GOVERNANCE, FINANCE AND STAFFING SUB-COMMITTEE

21st April 2022

SUBJECT: COVENANT COMPLIANCE TO 31ST MARCH 2022

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 March 2022.

The final accounts will be prepared for the external audit and all accruals and final adjustments will be completed.

The Management Committee is asked to note the Association's compliance with its banking covenants to 31st March 2022 as per the Management Accounts.

TRIODOS LOAN COVENANT REPORT

Triodos Covenants at 31st March 2022

The Association will satisfy the loan covenants with Triodos as at 31.03.22

1. Interest Cover

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

Operating Surplus	151,327
Add back depreciation of housing properties	494,147
Add back gain/deduct loss on disposals of properties	0
Deduct amortisation of public sector grant	-285,864
Deduct any payment made in year towards Pension deficit	-95,337
Adjusted Operating Surplus	264,273
Interest Payable	29,166
Interest Receivable	-2,578
Net Interest payable	26,588
Interest Cover	9.94
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	264,273
Net Interest Paid	26,588
Loan Repayments	49,974
	76,562
DSC	3.45

2. Asset Cover

Asset Cover shows that the valuationof properties cover the loan balances outstanding.

Bank Indebtedness	883,656
Security Cover MV-T	2,250,000
Asset Cover	**2.55**
Covenant	1.25
Covenant satisfied	YES