

Landlord Name:	Paragon Housing Association Ltd
RSL Reg No.:	298
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Approval

Development Assumption ☒

Development Assumption Comment

Plan includes 5 buy backs per year funded via HAG and included in SHIP

A1.1	Date approved	29/06/2021
A1.2	Approver	Margaret Torrance
A1.3	Approver job title	Director

STATEMENT OF COMPREHENSIVE INCOME						
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
	£'000	£'000	£'000	£'000	£'000	£'000
Gross rents	6,169.0	6,239.1	6,417.4	6,665.2	6,922.5	7,189.5
Service charges	0.0	0.0	0.0	0.0	0.0	0.0
Gross rents & service charges	6,169.0	6,239.1	6,417.4	6,665.2	6,922.5	7,189.5
Rent loss from voids	58.3	154.8	156.6	66.1	68.6	71.3
Net rent & service charges	6,110.7	6,084.3	6,260.8	6,599.1	6,853.9	7,118.2
Developments for sale income	0.0	0.0	0.0	0.0	0.0	0.0
Grants released from deferred income	84.5	84.6	86.3	87.6	88.8	90.1
Grants from Scottish Ministers	64.8	64.8	64.8	64.8	64.8	64.8
Other grants	0.0	0.0	0.0	0.0	0.0	0.0
Other income	92.1	60.0	61.5	63.0	64.6	66.2
TURNOVER	6,352.1	6,293.7	6,473.4	6,814.5	7,072.1	7,339.3
Less:						
Housing depreciation	830.5	779.1	807.5	837.1	877.4	919.9
Impairment written off / (back)	0.0	0.0	0.0	0.0	0.0	0.0
Management costs	1,348.9	2,053.3	1,857.3	1,901.8	1,946.6	1,992.9
Service costs	0.0	0.0	0.0	0.0	0.0	0.0
Planned maintenance - direct costs	863.8	953.3	1,157.7	1,232.0	894.5	1,220.0
Re-active & voids maintenance - direct costs	963.0	1,135.1	1,167.2	1,200.2	1,234.3	1,269.4
Maintenance overhead costs	390.0	402.0	414.0	426.0	439.0	452.0
Bad debts written off / (back)	129.9	154.8	156.6	66.1	68.6	71.3
Developments for sale costs	0.0	0.0	0.0	0.0	0.0	0.0
Other activity costs	0.0	0.0	0.0	0.0	0.0	0.0
Other costs	0.0	50.0	50.0	0.0	0.0	0.0
	3,695.6	4,748.5	4,802.8	4,826.1	4,583.0	5,005.6
Operating Costs	4,526.1	5,527.6	5,610.3	5,663.2	5,460.4	5,925.5
Gain/(Loss) on disposal of PPE	0.0	0.0	0.0	0.0	0.0	0.0
Exceptional Items - (Income) / Expense	0.0	0.0	0.0	0.0	0.0	0.0
OPERATING SURPLUS/(DEFICIT)	1,826.0	766.1	863.1	1,151.3	1,611.7	1,413.8
Interest receivable and other income	5.0	1.8	2.2	2.1	2.0	2.0
Interest payable and similar charges	611.3	593.3	694.2	736.7	824.8	845.6
Increase / (Decrease) in Negative Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
Other Gains / (Losses)	0.0	0.0	0.0	0.0	0.0	0.0
SURPLUS/(DEFICIT) ON ORDINARY ACTIVITIES BEFORE TAX	1,219.7	174.6	171.1	416.7	788.9	570.2
Tax on surplus on ordinary activities	0.0	0.0	0.0	0.0	0.0	0.0
SURPLUS/(DEFICIT) FOR THE YEAR AFTER TAX	1,219.7	174.6	171.1	416.7	788.9	570.2
Actuarial (loss) / gain in respect of pension schemes	0.0	0.0	0.0	0.0	0.0	0.0
Change in Fair Value of hedged financial instruments.	0.0	0.0	0.0	0.0	0.0	0.0
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	1,219.7	174.6	171.1	416.7	788.9	570.2

STATEMENT OF FINANCIAL POSITION						
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Non-Current Assets	£'000	£'000	£'000	£'000	£'000	£'000
Intangible Assets & Goodwill	6.9	0.0	0.0	0.0	0.0	0.0
Housing properties - Gross cost or valuation	38,128.2	39,331.3	40,273.3	41,504.8	43,079.6	44,487.4
Less:						
Housing Depreciation	9,185.1	9,964.3	10,771.8	11,608.9	12,486.3	13,406.1
Negative Goodwill	0.0	0.0	0.0	0.0	0.0	0.0
NET HOUSING ASSETS	28,943.1	29,367.0	29,501.5	29,895.9	30,593.3	31,081.3
Non-Current Investments	0.0	0.0	0.0	0.0	0.0	0.0
Other Non Current Assets	505.2	459.0	445.3	431.4	417.5	403.6
TOTAL NON-CURRENT ASSETS	29,455.2	29,826.0	29,946.8	30,327.3	31,010.8	31,484.9
Current Assets						
Net rental receivables	142.6	142.7	146.2	149.8	153.4	156.9
Other receivables, stock & WIP	414.2	414.2	424.6	435.1	446.2	457.2
Investments (non-cash)	0.0	0.0	0.0	0.0	0.0	0.0
Cash at bank and in hand	8,261.1	11,396.2	10,740.3	10,069.5	9,944.9	9,595.3
TOTAL CURRENT ASSETS	8,817.9	11,953.1	11,311.1	10,654.4	10,544.5	10,209.4
Payables : Amounts falling due within One Year						
Loans due within one year	509.0	707.4	707.4	229.1	444.5	444.5
Overdrafts due within one year	0.0	0.0	0.0	0.0	0.0	0.0
Other short-term payables	1,107.5	1,107.5	1,135.2	1,163.6	1,192.7	1,222.5
TOTAL CURRENT LIABILITIES	1,616.5	1,814.9	1,842.6	1,392.7	1,637.2	1,667.0
NET CURRENT ASSETS/(LIABILITIES)	7,201.4	10,138.2	9,468.5	9,261.7	8,907.3	8,542.4
TOTAL ASSETS LESS CURRENT LIABILITIES	36,656.6	39,964.2	39,415.3	39,589.0	39,918.1	40,027.3
Payables : Amounts falling due After One Year						
Loans due after one year	15,263.2	17,482.3	16,775.0	16,545.9	16,101.4	15,656.9
Other long-term payables	0.0	823.6	772.1	720.7	669.2	617.7
Grants to be released	4,242.3	4,332.7	4,371.4	4,408.8	4,445.0	4,479.9
TOTAL LONG TERM LIABILITIES	19,505.5	22,638.6	21,918.5	21,675.4	21,215.6	20,754.5
Provisions for liabilities & charges	0.0	0.0	0.0	0.0	0.0	0.0
Pension asset / (liability)	137.0	137.0	137.0	137.0	137.0	137.0
NET ASSETS	17,014.1	17,188.6	17,359.8	17,776.6	18,565.5	19,135.8
Capital & Reserves						
Share capital	0.1	0.1	0.1	0.1	0.1	0.1
Revaluation reserve	0.0	0.0	0.0	0.0	0.0	0.0
Restricted reserves	0.0	0.0	0.0	0.0	0.0	0.0
Revenue reserves	17,014.0	17,188.5	17,359.7	17,776.5	18,565.4	19,135.7
TOTAL CAPITAL & RESERVES	17,014.1	17,188.6	17,359.8	17,776.6	18,565.5	19,135.8
Intra Group Receivables - as included above	0.0	0.0	0.0	0.0	0.0	0.0
Intra Group Payables - as included above	0.0	0.0	0.0	0.0	0.0	0.0

STATEMENT OF CASHFLOWS						
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
	£'000	£'000	£'000	£'000	£'000	£'000
Net Cash from Operating Activities						
Operating Surplus/(Deficit)	1,826.0	766.1	863.1	1,151.3	1,611.7	1,413.8
Depreciation & Amortisation	915.0	832.1	821.4	851.0	891.3	933.7
Impairments / (Revaluation Enhancements)	0.0	0.0	0.0	0.0	0.0	0.0
Increase / (Decrease) in Payables	(310.0)	(0.1)	27.7	28.6	28.9	30.0
(Increase) / Decrease in Receivables	1.4	0.0	(13.9)	(14.2)	(14.4)	(14.7)
(Increase) / Decrease in Stock & WIP	0.0	0.0	0.0	0.0	0.0	0.0
Gain / (Loss) on sale of non-current assets	0.0	0.0	0.0	0.0	0.0	0.0
Other non-cash adjustments	(84.5)	(84.6)	(86.3)	(87.6)	(88.8)	(90.1)
NET CASH FROM OPERATING ACTIVITIES	2,347.9	1,513.5	1,612.0	1,929.1	2,428.7	2,272.7
Tax (Paid) / Refunded	0.0	0.0	0.0	0.0	0.0	0.0
Return on Investment and Servicing of Finance						
Interest Received	5.0	1.8	2.2	2.1	2.0	2.0
Interest (Paid)	(611.3)	(644.8)	(745.7)	(788.1)	(876.3)	(897.1)
RETURNS ON INVESTMENT AND SERVICING OF FINANCE	(606.3)	(643.0)	(743.5)	(786.0)	(874.3)	(895.1)
Capital Expenditure & Financial Investment						
Construction or acquisition of Housing properties	(382.0)	(300.0)	(300.0)	(300.0)	(300.0)	(300.0)
Improvement of Housing	(356.0)	(903.0)	(642.0)	(931.5)	(1,274.9)	(1,107.7)
Construction or acquisition of other Land & Buildings	0.0	0.0	0.0	0.0	0.0	0.0
Construction or acquisition of other Non-Current Assets	0.0	0.0	0.0	0.0	0.0	0.0
Sale of Social Housing Properties	0.0	0.0	0.0	0.0	0.0	0.0
Sale of Other Land & Buildings	0.0	0.0	0.0	0.0	0.0	0.0
Sale of Other Non-Current Assets	0.0	0.0	0.0	0.0	0.0	0.0
Grants (Repaid) / Received	175.0	175.0	125.0	125.0	125.0	125.0
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	(563.0)	(1,028.0)	(817.0)	(1,106.5)	(1,449.9)	(1,282.7)
NET CASH BEFORE FINANCING	1,178.6	(157.5)	51.5	36.6	104.5	94.9
Financing						
Equity drawdown	0.0	0.0	0.0	0.0	0.0	0.0
Debt drawdown	0.0	4,000.0	0.0	0.0	7,429.1	0.0
Debt repayment	(524.0)	(707.4)	(707.4)	(707.4)	(7,658.2)	(444.5)
Working Capital (Cash) - Drawn / (Repaid)	0.0	0.0	0.0	0.0	0.0	0.0
NET CASH FROM FINANCING	(524.0)	3,292.6	(707.4)	(707.4)	(229.1)	(444.5)
INCREASE / (DECREASE) IN NET CASH	654.6	3,135.1	(655.9)	(670.8)	(124.6)	(349.6)
Cash Balance						
Balance Brought Forward	7,606.5	8,261.1	11,396.2	10,740.3	10,069.5	9,944.9
Increase / (Decrease) in Net Cash	654.6	3,135.1	(655.9)	(670.8)	(124.6)	(349.6)
CLOSING BALANCE	8,261.1	11,396.2	10,740.3	10,069.5	9,944.9	9,595.3

ADDITIONAL INFORMATION						
	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
	£'000	£'000	£'000	£'000	£'000	£'000
Number of units added during year to:						
New Social Rent Properties added	5	5	5	5	5	5
New MMR Properties added	0	0	0	0	0	0
New Low Costs Home Ownership Properties added	0	0	0	0	0	0
New Properties - Other Tenures added	0	0	0	0	0	0
Total number of new affordable housing units added during year	5	5	5	5	5	5
Number of units lost during year from:						
Sales including right to buy	0	0	0	0	0	0
Demolition	0	0	0	0	0	0
Other	0	0	0	0	0	0
Units owned:						
Social Rent Properties	1,433	1,438	1,443	1,448	1,453	1,458
MMR Properties	0	0	0	0	0	0
Low Costs Home Ownership Properties	0	0	0	0	0	0
Properties - Other Tenures	0	0	0	0	0	0
Number of units owned at end of period	1,433	1,438	1,443	1,448	1,453	1,458
Number of units managed at end of period (exclude factored units)	1,433	1,438	1,443	1,448	1,453	1,458
Financed by:						
Scottish Housing Grants	175.0	175.0	125.0	125.0	125.0	125.0
Other public subsidy	0.0	0.0	0.0	0.0	0.0	0.0
Private finance	0.0	0.0	0.0	0.0	0.0	0.0
Sales	0.0	0.0	0.0	0.0	0.0	0.0
Cash reserves	207.0	125.0	175.0	175.0	175.0	175.0
Other	0.0	0.0	0.0	0.0	0.0	0.0
Total cost of new units	382.0	300.0	300.0	300.0	300.0	300.0
Assumptions:						
General Inflation (%)	2.5	2.5	2.5	2.5	2.5	2.5
Rent increase - Margin above General Inflation (%)	0.6	(2.5)	0.0	1.0	1.0	1.0
Operating cost increase - Margin above General Inflation (%)	0.0	0.5	0.0	0.0	0.0	0.0
Direct maint. cost increase - Margin above General Inflation (%)	0.0	0.5	0.5	0.5	0.5	0.5
Actual / Assumed average salary increase (%)	1.6	0.8	2.5	2.5	2.5	2.5
Average cost of borrowing (%)	3.9	4.0	3.8	4.2	4.9	5.1
Employers Contributions for pensions (%)	16.2	16.2	16.2	16.2	16.2	16.2
Employers Contributions for pensions (£'000)	97.7	101.0	103.5	106.0	108.6	111.3
SHAPS Pensions deficit contributions (£'000)	146.7	151.1	155.6	160.3	165.1	170.0
Min. headroom cover on tightest interest cover covenant (£'000)	1,691.5	270.9	180.1	161.6	221.8	210.4
Minimum headroom cover on tightest gearing covenant (£'000)	8,758.5	18,771.8	19,435.6	20,272.6	21,400.7	22,410.7
Minimum headroom cover on tightest asset cover covenant (£'000)	2,479.4	2,479.4	2,479.4	2,479.4	2,479.4	2,479.4
Total staff costs (including NI & pension costs)	1,260.6	1,347.8	1,381.5	1,416.0	1,451.4	1,487.7
Full time equivalent staff	25.6	29.6	26.6	26.6	26.6	26.6
EESH Revenue Expenditure included above	94.7	0.0	0.0	0.0	0.0	0.0
EESH Capital Expenditure included above	0.0	481.7	0.0	0.0	0.0	0.0
Total capital & revenue expenditure on maint. pre-1919 properties	0.0	0.0	0.0	0.0	0.0	0.0
Total capital & revenue expenditure on maint. all other properties	2,088.1	2,509.7	2,966.9	3,363.7	3,403.7	3,597.1

RATIOS

Financial capacity	Year 0	Year 1	Year 2	Year 3	Year 4	Year 5
Interest cover	384.901%	235.003%	216.468%	245.045%	277.382%	253.561%
Gearing	44.146%	39.523%	38.837%	37.721%	35.555%	34.000%
Efficiency						
Voids	0.945%	2.481%	2.440%	0.992%	0.991%	0.992%
Arrears	2.334%	2.345%	2.335%	2.270%	2.238%	2.204%
Bad debts	2.126%	2.544%	2.501%	1.002%	1.001%	1.002%
Staff costs / turnover	19.845%	21.415%	21.341%	20.779%	20.523%	20.270%
Turnover per unit	£4,433	£4,377	£4,486	£4,706	£4,867	£5,034
Responsive repairs to planned maintenance ratio	1.3	1.6	1.5	1.8	1.8	1.8
Liquidity						
Current ratio	5.5	6.6	6.1	7.7	6.4	6.1
Profitability						
Gross surplus / Deficit	28.746%	12.172%	13.333%	16.895%	22.790%	19.263%
Net surplus / Deficit	19.202%	2.774%	2.643%	6.115%	11.155%	7.769%
EBITDA / revenue	36.216%	10.204%	15.890%	15.510%	17.169%	16.705%
Financing						
Debt Burden ratio	2.5	2.9	2.7	2.5	2.3	2.2
Net debt per unit	£5,242	£4,724	£4,672	£4,631	£4,543	£4,462
Debt per unit	£11,006	£12,649	£12,115	£11,585	£11,387	£11,043
Diversification						
Income from non-rental activities	3.800%	3.327%	3.284%	3.161%	3.085%	3.013%

Comments

Page	Field	Comment
SOCF	Debt repayment	New loan drawdown 2021/22
Additional Information	Minimum headroom cover on tightest interest cover covenant (£'000)	We are in discussions with the RBS over relaxation of the ICR covenant.
Additional Information	Minimum headroom cover on tightest gearing covenant (£'000)	Change in RBS calculation method after year 0
Additional Information	Full time Equivalent Staff Curr Year	Included in the staff numbers are two posts which are currently filled by agency staff but these posts are part of the staffing structure. In year two we have employed 3 Modern Apprentices for one year and another member of staff.