

## Appendix A - Housing Company Financial Business Case

**Note: this is an illustrative example only and is based on delivering 57 properties for Sub Market Rent & 8 properties for Outright Sale.**

**The Housing Company, once operational, will assess the actual financial implications for each individual project on a case by case basis.**

The financial business case is based on the following broad assumptions:

Rental Income - Minimum of 90% of Market Rent

Loan Interest Rate - 5.09%

Management & Maintenance to be provided by the General Fund and recharged at a margin of 5% on cost.

Dividends to the General Fund at 5% of annual post-tax profits.

Corporation tax at 17% of pre-tax profits

### a) Profit & Loss Account

	2020/21	2021/22	2022/23	2023/24	2024/25
	Year 1	Year 2	Year 3	Year 4	Year 5
	£000s	£000s	£000s	£000s	£000s
<u>Income</u>					
Net Rent	52	393	670	691	705
<u>Expenditure</u>					
Management	(1)	(28)	(39)	(40)	(41)
Maintenance	(2)	(26)	(40)	(41)	(43)
Depreciation	(9)	(59)	(97)	(100)	(102)
Overheads	0	0	0	0	0
Direct Costs	(12)	(113)	(177)	(181)	(186)
Outright Sales - Profits	0	270	0	0	0
Profit before Interest & Charges	40	551	494	510	520
Interest Payable	(31)	(226)	(374)	(373)	(363)
Interest Receivable	3	3	3	3	3
Interest & Charges	(28)	(223)	(371)	(370)	(360)
Profit before Taxation	12	328	123	140	159
Corporation Tax	(1)	(69)	(44)	(47)	(50)
Profit after Taxation	12	259	79	93	109
Dividends	(1)	(13)	(17)	(21)	(25)
Retained Profit	11	245	62	73	84
<u>Sub Market Units</u>					
Per Year	5	32	20		
Cumulative	5	37	57	57	57
Outright Sale Units		8			

### b) Balance Sheet

	2020/21	2021/22	2022/23	2023/24	2024/25
	Year 1	Year 2	Year 3	Year 4	Year 5
	000's	000's	000's	000's	000's
<u>Fixed Assets</u>					
Properties	995	6,776	11,125	11,403	11,688
Net Current Assets	349	268	111	89	57
Total Assets	1,343	7,043	11,235	11,491	11,745
Equity Financing	338	1,604	2,500	2,500	2,500
Loan Financing	991	4,467	7,254	7,060	6,842
Total Financing	1,329	6,071	9,754	9,560	9,342
<u>Capital &amp; Reserves</u>					
Revenue Reserves	11	256	319	391	476
Revaluation Reserve	3	716	1,162	1,540	1,927
Shareholders Funds	14	972	1,481	1,931	2,403
Capital & Reserves	1,343	7,043	11,235	11,491	11,745