

## Appendix B - General Fund Impact 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:

Interest Rate payable on PWLB loans 2.60%

Interest Rate receivable on Housing Company Loan - 5.09%

Management & Maintenance recharged to Housing Company at a margin of 5% on cost.

Shareholder Equity financed from other capital receipts

Dividends assumed to be at 5% of housing company post-tax profits.

### a) Revenue Impact

	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>Revenue Income</u>					
Interest Receivable on Housing Company Borrowing	31	226	374	373	363
Income from Services Charged to Housing Company	2	41	60	62	63
Dividends Received	0	1	13	17	21
	<b>33</b>	<b>268</b>	<b>448</b>	<b>451</b>	<b>447</b>
<u>Revenue Expenditure</u>					
Interest payable on PWLB loan	(15)	(114)	(185)	(179)	(168)
Expenditure on Services Charged to Housing Company	(2)	(39)	(58)	(59)	(60)
Minimum Revenue Provision (MRP)	0	(21)	(86)	(152)	(158)
	<b>(17)</b>	<b>(174)</b>	<b>(329)</b>	<b>(390)</b>	<b>(387)</b>
Net Income/Expenditure	<b>16</b>	<b>94</b>	<b>119</b>	<b>61</b>	<b>60</b>

### b) Balances

Shareholder Equity	338	1,604	2,500	2,500	2,500
Debtors with Housing Company	991	4,467	7,433	7,254	7,060
	<b>1,329</b>	<b>6,071</b>	<b>9,933</b>	<b>9,754</b>	<b>9,560</b>
General Fund Balances	16	110	229	290	350
PWLB Loan Balances	976	4,336	7,097	6,705	6,292
Capital Adjustment Account	338	1,625	2,607	2,759	2,917
	<b>1,329</b>	<b>6,071</b>	<b>9,933</b>	<b>9,754</b>	<b>9,560</b>