

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
	33	268	448	451	447
<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)
	(17)	(174)	(329)	(390)	(387)
Net Income/Expenditure	16	94	119	61	60

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
	1,329	6,071	9,933	9,754	9,560
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
	1,329	6,071	9,933	9,754	9,560