











Financial Golden Rules

We assess our financial performance by monitoring a number of financial golden rules which are set out below. We are currently within our financial golden rules and expect to continue to be performing well against them.

	Golden rule	Latest performance (*)	Forecast performance (**)
Operating Margin	20% min	Greater than 25%	
Net Margin	10% min	Greater than 12%	
Interest Cover	1.0x min	Greater than 1.6x	
Social Housing Letting Interest Cover	1.0x min	Greater than 1.15x	
Sales as a percentage of turnover	40% max	Less than 20%	
EBITDA-MRI : Interest Cover	1.25x min	Greater than 1.5x	
Asset Cover	100% min	Greater than 190%	
Gearing	75% max	Less than 55%	
Debt burden to revenue	5.75% max	Less than 5.0x	
Security headroom	£50m min	Greater than £300m	

Above golden rule threshold 

* - Based on Dec 2019 consolidated management accounts which do not include any impact arising from the harmonisation of accounting policies.

** - Forecast performance does not include any impact arising from the harmonisation of accounting policies and is not a Board approved forecast.