



# **Guidance on Annual Financial Return Requirements**

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## **Financial Matrix**

The Regulation Office established a financial matrix relating to the determination of financial forecasting requirements. This is aligned to risk-based regulation. All AHBs are required to provide assurances and evidence that they can meet a minimum level of financial controls, governance and managements.

In line with the risk-based regulation it is necessary to ascertain key financial forecasting requirements based on current units, planned development and loan financing.

AHBs that are forecasting to grow their units, based on key criteria, over the coming years will be required to submit either 5-year or 30-year financial forecast to the Regulation Office as part of the Annual Regulatory Assessment Cycle.

The thresholds for assessing the requirements for AHBs to comply with these financial forecasting requirements, are dependent on the AHB's current units and forecasted levels of loan financing which will be taken on by the AHB to fund this growth.

## **Financial Standard Requirements Check**

AHBs who have had a change in forecasted growth or dept profile are asked to complete the Financial Standard Requirements Check Excel spreadsheet which can be found [here](#). This can be completed using the following steps.

1. Input the organisation unit numbers at the end of last year (31/12/2019).
2. Input the number of units the AHB plans to add over the next 3 years (2020 – 2022).
3. Of these planned units, AHBs must input the number of units which will be funded via Loan Financing (including CALF, HFA and any other loan financing).
4. The percentage of overall growth funded via Loan Financing will now appear in Row 9.

Once the above information has been inputted, the AHBs submission requirements will automatically populate under the **Results** heading within the Financial Standard Matrix.

## **Financial Standards Requirements Criteria**

All AHBs are required to meet the minimum Financial Standard requirements.

AHBs may be required to submit either a 5-year or 30-year financial forecast to the Regulation Office based on the following criteria.

### **5-Year Financial Forecast - Criteria**

- AHBs with between 51 – 250 units.
- Plans to grow over the next three years.
- Planned growth exceeds 10% of the total units.
- Over 50% of planned growth will be funded via Loan Financing.
- AHBs with over 250 with less than 20% of planned growth will be funded via Loan Financing.

**Note:** If an organisation is required to submit a 5-Year Financial Forecast but wishes to submit a 30-Year Financial Forecast, it may do so. However, the organisation should note it will then be assessed against the 30-Year Financial Forecast requirements.

### **30-Year Financial Forecast - Criteria**

- AHBs with over 250 units.
- Plans to grow over the next three years.
- Over 20% of planned growth will be funded via Loan Financing.

Should the results show that the organisation is required to submit either a 5-year or 30-year financial forecast and has not yet been contacted by the Regulation Office, you are asked to contact the Regulation Office immediately.