



ProVal Single cashflow **Getting Started**

Updated 14. 05. 2024



Intended Audience

If you are new to ProVal you will require training, this document will contain insufficient information for you.

This document is intended for existing ProVal users who are competent in the traditional dual cashflow model and might be new to the single cashflow model.

In the course of this document we refer to the Dual Cashflow Model as **2CF** and the Single Cashflow Model as **1CF**.

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Why Single Cashflow (1CF)?

An explanation of some of the background reasoning of why we decided to move away from the 2CF model to the 1CF model can be found at the bottom of the document in [Appendix 1](#)

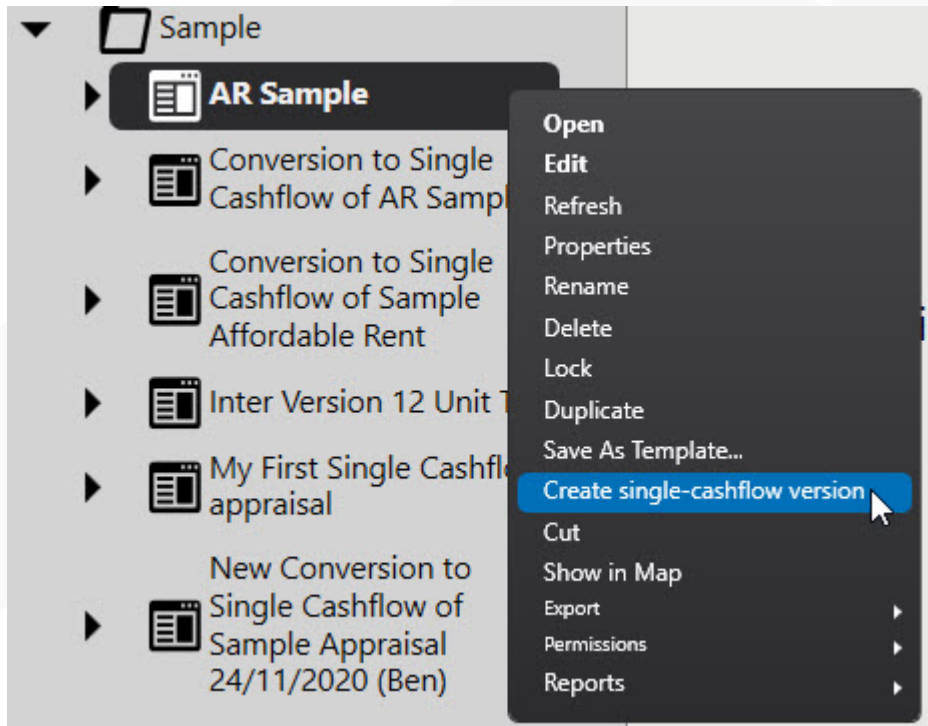
Starting

You can still open, edit and save existing 2CF appraisals keeping them as a 2CF model but no new appraisals can be created in the 2CF model.

All new appraisals will be the 1CF model.

Conversion to Single Cashflow

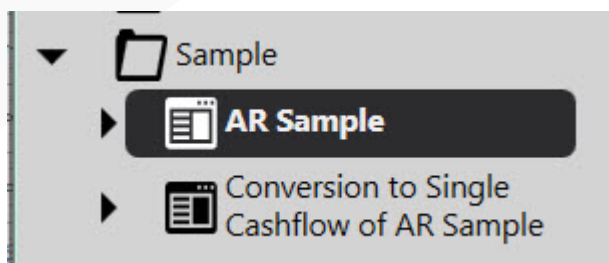
If you right mouse or track pad click on an existing 2CF appraisal you have the option of 'Create single-cashflow version'



This option will create a new appraisal prepending the title of the existing appraisal with '**Conversion to Single Cashflow of** xxx'. Where xxx was the name of the 2CF appraisal.

This will be a new appraisal with all the assumptions that were contained within the 2CF appraisal.

See example below





Templates and Unit Defaults

We suggest that you use this opportunity to review your assumptions as you will be required to create a new template for each 2CF template you currently have, mimicking your current assumptions. This new template is required because we add new questions in the 1CF that are not available in the 2CF question structure.

Note: if you currently have an older Single Cashflow version of ProVal and in Section D do not have the question Development Costs Occur at the Start of Month then as mentioned new templates will need to be created. This new question allows that development interest is calculated on the spend/income in a given month, instead of the original average monthly spend.

Development Costs Occur at the Start of Month

☒

As normal creating new templates cannot be done directly but rather a new appraisal containing the desired assumptions and then right click to select 'Save as Template'. This option should only be available to ProVal Administrators.

During this transition time if you need new global assumptions in the Administration sections, for example new Product Types or New Subsidy Sources then this would be a good time to create those new types prior to creating your new template, we have a guide on these tenures in [Appendix 2](#) below.

Start Section - Loans

The biggest change on the Start Page is that we now have the ability to select when the Long Term Loan clock starts for some loan types. If the selection is blank then the default applies, which is 'first handover'.

Overdraft Loan Method: (recommended)

There are no changes with the Overdraft Loan method. It starts at the First Handover milestone as before, irrespective of the selection made. This type of loan method is that all income must be used until the loan has been paid off, how long will that take. In effect a Repayment Mortgage that has no fixed term but will reach a repaid year provided it is less than 100 years. It is essential to note the cashflow is only 100 years long so the development time will be included in the 100 years. For example if the development is 2 years then a loan repaid of 98 is in effect not paid off.



▼ Long Term Loans										
Name	Repayment Method	Term	Loan Rate	Max. Facility	Max. Loan: Val	Max. Loan: Cost	Cross Subsidy	Min Repayment	Surplus/Deficit Loan Start rate	
Social Rent	Overdraft		▶ 5.00%				✓	Maintain LTV		First Handover
Shared Ownership	Overdraft		▶ 5.00%				✓	Maintain LTV		First Handover



Annuity Loan Method:

Annuity Loan method must have a term and interest rate set. The start of the loan term can be adjusted by the selection of a milestone in the 'Loan Start' column. This can be a default milestone or one especially setup for it.

The effect is the cashflow will accumulate interest going forward and when reaching the chosen milestone the clock for the loan term set will start.

The effect of this is to have a loan delay or sometimes referred to as a loan holiday.

For example if the chosen milestone is 2 years after PC and the term has been set to 40 years the loan will pay off in year 42.

Long Term Loans										
Name	Repayment Method	Term	Loan Rate	Max. Facility	Max. Loan: Val	Max. Loan: Cost	Cross Subsidy	Min Repayment	Surplus/Deficit rate	Loan Start
Social Rent	Annuity	40 years	5.00%				✓	Maintain LTV		First Handover
Shared Ownership	Annuity	40 years	5.00%				✓	Maintain LTV		First Handover

Development Interest and Long Term Interest in the Single Cashflow

What does this mean?

We still have two different borrowing components, these traditionally were Development Loan and Long Term Loan, we can also refer to them as Short Term borrowing and Long Term borrowing as organisations might have different rates or assumptions here.

Although this version of ProVal has a single seamless cashflow we maintain the Short Term and Long Term borrowing philosophy. The Short Term borrowing will always start at Cashflow Start and will finish for each unit type column when that column hands over as before.

Any capital expenditure or income (e.g. subsidy) that occurs after the unit type's handover date are dealt with in the long term part of the cashflow.

We still display the interest for each type of borrowing:

Interest					
Development		5,160	-14,292	-5,178	-4,103
Long term		5,160	-8,363		
			-5,930	-5,178	-4,103



The Long Term borrowing still starts at First Handover, or at the desired loan start milestone if different, see paragraphs above. In the sense that no transactions will be posted to this cashflow before that date. The duration of the long term cashflow is configurable, as before. However, since unit type columns can hand over at different times, someone has to decide which milestone is deemed to be the start of this analysis period, i.e. when the 40-year clock starts ticking if a fixed term Long Term Loan is selected such as Annuity or maturity / Interest Only until the loan is paid off.

The choice of starting milestone and term affects when the long term cashflow ends, not when it starts, as it always starts at the first handover.

Section A - Units

There is a new option in the NPV Rates section '**NPV Start Milestone**'. By default this is blank and blank means 'Unit Handover' as before for compatibility with old appraisals but there is a dropdown menu allowing you to choose any available milestone.

This determines the starting point of the NPV analysis period to give meaning to the NPV Discount Period input. For example if the NPV Start Milestone is set to use the Cashflow Start milestone then the analysis will include the development cashflow which will usually decrease the NPV value due to the costs incurred during development. If the chosen milestone is mid-term in a financial year then the end point will be so many years later in the correct number of financial years later.

Any transactions like rent, staircasing, major repairs, etc scheduled for after this cut-off point will be **excluded** from the NPV calculation.

Note: As this user selectable **NPV Start Milestone** can affect financial hurdles. We suggest the security of this is only editable by administrators and can be set in Permissions.

NPV Rates		
NPV Discount Rate	<input type="text" value="5.00 %"/>	<input type="text" value="5.00 %"/>
NPV Discount Period	<input type="text" value="40"/>	<input type="text" value="40"/>
NPV Start Milestone	<input type="text" value="Unit Handover"/>	<input type="text" value="Unit Handover"/>



Some organisations have wanted this option for a number of years and it is particularly useful to model Outright Sale units with the NPV Start Milestone set to Cashflow Start which in effect means the costs as well as the sales will reflect on the NPV value for that product type. In the 2CF model this was not possible so NPV of Outright Sales Units was always a bit distorted. It was possible to have a high NPV as the sales affects the NPV but not the costs of the build. This is now easy to include by setting the NPV Start Milestone to CS.



Section B - Capital Costs

In Section B you add costs as before but now you desired spread of the cost is set at the costs level. from here.

B - Capital Costs

▼ **Acquisition**

Spread method

☒ By Percent
☐ Manual
☐ Curve

By %

+ 100.00 % Milestone LCL Month 3 Date

Ok

If you happen to select Manual then that is spread in the Cashflow as before

	Description	Input Type	Input Value	Applies To	Allocate Cost by
%	Land Purchase	Lump Sum	£0	All Units	Floor Area
Manual	Demolition	Lump Sum	£100,000	All Units	Floor Area

(Note the cashflow looks different - we'll come on to that later)

If you are spreading costs manually in ProVal then costs are entered as a negative and income as a positive value. After typing in the desired value in the cursor must be move to another cell for the change to happen. Usually a mouse click.



The Balance to Forecast is shown to the left of the years at child, parent and grandparent level (as screenshot below). Any cashflows that are out of balance will ONLY be shown in Section D.

Development Cashflow is not complete.

	2013/14	2014/15	2015/16	2016/17	2017/18
Opening loan		-294,928	-1,123,618	-811,695	-123,115
Capital 700,000	-289,314	-788,510	-10,935	605,119	
Subsidy			320,000		
Sales			187,500	562,500	
Acquisition 700,000					
Unit Acquisition Costs					
Land Purchase 700,000					

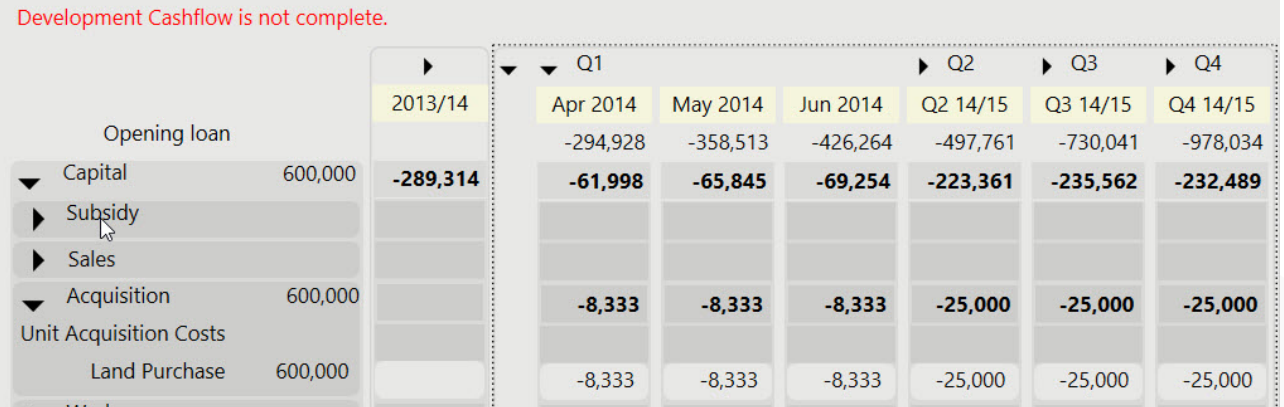
You are able to enter a value annually and ProVal will automatically spread it in equal amounts by month.

In the screenshot below I have input -£100,000 in 2014/2015

Development Cashflow is not complete.

	2013/14	2014/15
Opening loan		-294,928
Capital 600,000	-289,314	-888,510
Subsidy		
Sales		
Acquisition 600,000		-100,000
Unit Acquisition Costs		
Land Purchase 600,000		-100,000

When we expand to show the quarters and again months you will see it is equally spread.




	2013/14	Q1	Q2	Q3	Q4		
		Apr 2014	May 2014	Jun 2014	Q2 14/15	Q3 14/15	Q4 14/15
Opening loan		-294,928	-350,159	-409,516	-497,639	-729,917	-977,909
Capital	600,000	-289,314	-53,665	-57,512	-85,921	-223,361	-235,562
Subsidy							
Sales							
Acquisition	600,000			-25,000	-25,000	-25,000	-25,000
Unit Acquisition Costs							
Land Purchase	600,000			-25,000	-25,000	-25,000	-25,000
Works							



Section C - Subsidy

Subsidy is added the same way as before and, like Capital Costs, is now spread from the input section instead of the Development Cashflow. In the first release you spread from Subsidy Analysis

▼ **Subsidy**

	A x	B x
Dwelling Description	1b2p Flat	1b2p Flat
Units	1	1
Floor Area (m ²)	48.00	48.00
Product Type	Affordable Rent	Affordable Rent
Set Aside?	X	X
▼  Add Source		
✗ HCA	Per Unit	£25,000
Unit Subsidy Total		£25,000

▼ **Subsidy Analysis**

TotalPer UnitPer Person

	Affordable Rent	Notes
% DPF		
% HCA	£50,000	
% LA		



Cashflow (Section D and J)

The top part of Section D is unchanged apart from the new question as discussed above. and is unique to Section D allowing you to set the Development Interest Rates and see the summary information on the Development Phase.

The cashflow element now shows the Long Term cashflow too and by default displays values per year with the cashflow starting in April of the year with the first cashflow event. (The CS milestone is still the first event and not the April that the cashflow displays from) Development Interest is shown in the Cashflow merging into Loan Interest but neither interest value is included in the NPV / IRR calculation.

D - Development Cashflow

Interest On Negative Balances

Use Compound Monthly Interest

Development Costs Occur at the Start of Month
☒

Interest On Positive Balances

Total Interest - Negative means cost

Total Remaining Balance to Forecast

Date First Cashflow Event

Date Last Cashflow Event

Milestones End Date

Milestones Number of Months

Development Cashflow Forecast

Please select a cashflow: 5 Rent and Shared Ownership Ur

	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31	2031/32
Opening loan		-147,769	-1,066,014	-627,127	-608,306	-588,544	-567,794	-546,006	-523,129
Capital	-146,667	-880,001	426,668						
Revenue	-1,102	-38,245	12,220	18,821	19,762	20,750	21,788	22,877	23,966
Indicators									
Net Rent			47,386	49,063	49,063	49,063	49,063	49,063	49,063
Rent, rcpts & interest	-1,102	-38,245	12,220	18,821	19,762	20,750	21,788	22,877	23,966
Interest cover			439.2%	474.6%	520.5%	582.5%	671.5%	810.5%	1,000.0%
X-Subsidy									
Handovers			1,139,347						
Post Dev CF excl loan			438,888	18,821	19,762	20,750	21,788	22,877	23,966
Post Dev CF									
Cumulative Post Dev CF									
Financial Forensics									
Loan repayment			438,888	18,821	19,762	20,750	21,788	22,877	23,966
Closing loan	-147,769	-1,066,014	-627,127	-608,306	-588,544	-567,794	-546,006	-523,129	-500,000

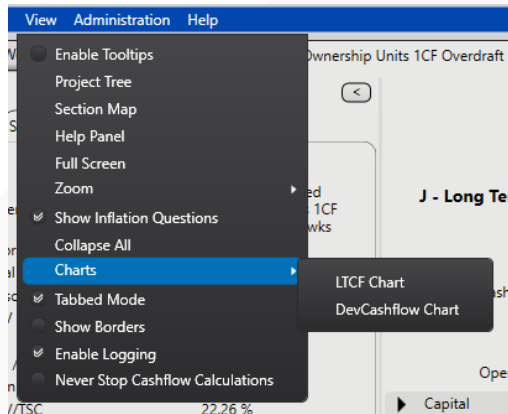


The Long Term Cashflow has the same cashflow but not the Development Specific information

J - Long Term Cashflow						
Please select a cashflow: 5 Rent and Shared Ownership Ur						
	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Opening loan		-147,769	-1,066,014	-627,127	-608,306	-588,544
▶ Capital	-146,667	-880,001	426,668			
▶ Revenue	-1,102	-38,245	12,220	18,821	19,762	20,762
▼ Indicators						
▶ Net Rent			47,386	49,063	49,063	49,063
Rent, rcpts & interest	-1,102	-38,245	12,220	18,821	19,762	20,762
Interest cover			439.2%	474.6%	520.5%	582.1%
X-Subsidy						
Handovers			1,139,347			
Post Dev CF excl loan			438,888	18,821	19,762	20,762
Post Dev CF						
Cumulative Post Dev CF						
▶ Financial Forensics						
Loan repayment			438,888	18,821	19,762	20,762
Closing loan	-147,769	-1,066,014	-627,127	-608,306	-588,544	-567,781



You might notice the Chart Button is missing but can be found under the View menu at the top of the programme. The DevCashflow chart will only show if you have a Dual Cashflow appraisal open.





In a Single Cashflow appraisal by default whole cashflow is shown but the view can be selected to show either the whole cashflow or a particular tenure or a particular Unit type.

The cashflow display can be expanded to show Quarter or Months.

If you select the Tenure it will appear the same colour as the tenure (matching the Product Summary)

Please select a cashflow: **Affordable Rent**

Affordable Rent

	2023/24	Q1 Apr 2024	May 2024	Jun 2024	Q2 24/25	Q3 24/25	Q4 24/25
Opening loan		-73,884	-111,104	-148,509	-186,102	-300,011	-415,638
▶ Capital	-73,333	-36,667	-36,667	-36,667	-110,000	-110,000	-110,000
▶ Revenue	-551	-553	-739	-926	-3,909	-5,626	-7,369
▶ Indicators							
Loan repayment							
Closing loan	-73,884	-111,104	-148,509	-186,102	-300,011	-415,638	-533,007

Please select a cashflow: **Inter Version 12 Unit Test**

	2013/14	Q1 Apr 2014	May 2014	Jun 2014	Q2 14/15	Q3 14/15	Q4 14/15
Opening loan		-1,295,322	-1,406,811	-1,457,121	-1,571,901	-1,840,525	-2,043,640
▶ Capital 4,500	-1,255,788	-104,929	-46,024	-109,942	-253,619	-188,827	-140,200
▶ Revenue	-39,534	-6,560	-4,285	-4,838	-15,006	-14,287	-15,526
▶ Indicators							
Loan repayment							
Closing loan	-1,295,322	-1,406,811	-1,457,121	-1,571,901	-1,840,525	-2,043,640	-2,199,365

This principle applies to the entire cashflow, enabling you to display the monthly revenue in 100 years time.



Please select a cashflow:

Inter Version 12 Unit Test

Q1

Q2

Q3

Q4

Q1 11/12

Jul 2111

Aug 2111

Sep 2111

Q3 11/12

Q4 11/12

2112/13

Opening loan							
▶ Capital	4,500						
▶ Revenue	191,283	64,460	64,387	64,387	192,883	192,744	793,41
▶ Indicators							
Loan repayment							
Closing loan							

In the application the interest is shown over 2 rows –

	2020/21	2021/22
Opening loan		-5,048
▶ Capital	-5,000	-21,181,964
▼ Revenue	-48	-505,253
▶ Rent		
▶ Allowances		
▼ Interest	-48	-505,253
Development	-48	-505,253
Long term		

The cashflow that has been selected can be copied to clipboard by selecting the words Opening Loan indicated here withing the red ellipse. Then in a new Excel workbook select Paste from clipboard. Note: The data returned is comma delimited so you might need to select the data menu in Excel to the change the setting Text to Columns option and drill down to select test is comma delimited.



The screenshot shows the Microsoft Excel interface with the 'Data' tab selected in the ribbon. The 'Text to Columns' button is circled in red. Below the ribbon, the 'Convert Text to Columns Wizard - Step 2 of 3' dialog box is open. The 'Delimiters' section has 'Comma' selected. The 'Data preview' section shows a table with columns for years and various financial metrics.

Cashflow by Year	2023/24	2024/25	2025/26
OpeningLoan	0	-73884.31716750	-533007.22686419539480
Capital	-73333.40	-440000.40	-36666.20
Subsidy	0	0	0

The figures that will be copy and paste will be the current selected view. So if you want each of the tenures for example then the process will have to be repeated after making the selection. In this way all the monies in the cashflows can be seen in Excel.



The same principle applies to the rows displayed in the cashflow. You can expand any of them as I've done below to show the detail of the Acquisition where we'd manually spread the costs earlier.

Development Cashflow is not complete.

		►	▼	▼	▼	►	►	►	►
		2013/14	Q1	Q2	Q3	Q4			
			Apr 2014	May 2014	Jun 2014	Q2 14/15	Q3 14/15	Q4 14/15	
Opening loan			-294,928	-350,159	-409,516	-497,639	-729,917	-977,909	-
▼ Capital	600,000	-289,314	-53,665	-57,512	-85,921	-223,361	-235,562	-232,489	
► Subsidy									
► Sales									
▼ Acquisition	600,000				-25,000	-25,000	-25,000	-25,000	
Unit Acquisition Costs									
Land Purchase	600,000				-25,000	-25,000	-25,000	-25,000	
► Works		-159,423	43,063	47,161	50,833	169,777	184,744	184,744	

This setup means that you can drill down and look at the level of detail that you require. If you suspect that a specific unit is bringing the appraisal down you can select that unit in the cashflow dropdown and then be able to look at the whole cashflow for that unit. Previously this information was not visible for the development phase of an appraisal.



Long Term Cashflow Detail

Please select a cashflow: **Affordable Rent**

Affordable Rent		2023/24
Opening loan		
Capital		-73,333
Subsidy		
Sales		
Acquisition		-6,667
Works		-66,667
Fees		
Other costs		
Other receipts		
Revenue		-551
Rent		
Allowances		
Interest		-551
Indicators		
Net Rent		
Rent, rcpts & interest		-551
Interest cover		
X-Subsidy		
Handovers		
Post Dev CF excl loan		
Post Dev CF		
Cumulative Post Dev CF		
Financial Forensics		
Opening LT Loan Balance		
Closing LT Loan Balance		
Opening Dev. Loan Balance		
Closing Dev. Loan Balance		-73,884
Maximum Loan Payable		110,734
Minimum Loan Repayment		
Available Loan Repayment		
Other Receipts		
Sales		
Surplus		
Deficit		
Loan repayment		
Closing loan		-73,884

The cashflow now has a huge display of facts and figures and I am sure you will enjoy looking at the outputs. From ProVal v24.4.23 we have now introduced more detail to assist heads of Finance etc to analyse monies. We think to the general development staff the opening of the Financial Forensics section will not be of interest. Each of the subsections can be either expanded or collapsed depending on you level of interest. A detailed description of the Financial Forensics can be obtained from or Support Desk.

Some of the newer basic details are listed below:-



X-Subsidy

We have always had Cross Subsidy in ProVal LS, where one tenure will help repay another tenure to make the overall scheme perform better. You are able to switch this on or off under Start - Loans.

For this version you are now able to see this value in the cashflow under 'X-Subsidy' When you look at the cashflow at scheme level it will be a blank row, if you have a multi tenure scheme and look at it at Tenure level then it will show how much Cross Subsidy is coming into the cashflow (positive is coming in) or if this Tenure is supporting another cashflow (which will show as a negative)

In the example scheme there are AR and SO tenure types, looking at the scheme level cashflow X-Subsidy is blank. This is because X-Subsidy is **only** calculated and displayed at Tenure level and occurs once a particular tenure is able to help other tenures if X-Subsidy is select on in the Loan Section.

Please select a cashflow: 5 Rent and Shared Ownership Ur						
	2023/24	2024/25	2025	2025	2025	2025
			Apr 2025	May 2025	Jun 2025	Q2 25/2
Opening loan		-147,769	-1,066,014	-1,040,164	-940,408	-840,079
Capital	-146,667	-880,001	26,668	100,000	100,000	200,000
Subsidy						
Sales			100,000	100,000	100,000	200,000
Acquisition	-13,333	-80,000	-6,666			
Works	-133,333	-800,000	-66,666			
Fees						
Other costs						
Other receipts						
Revenue	-1,102	-38,245	-817	-245	329	3,817
Rent			4,396	4,625	4,854	15,700
Allowances			-978	-1,040	-1,101	-3,611
Interest	-1,102	-38,245		-3,830	-3,424	-8,211
Indicators						
Net Rent			3,418	3,585	3,753	12,056
Rent, rcpts & interest	-1,102	-38,245	-817	-245	329	3,817
Interest cover			148.8%	162.4%	185.8%	424.3%
X-Subsidy						
Handovers			1,139,347			
Post Dev CF excl loan			25,851	99,755	100,329	203,819
Post Dev CF						
Cumulative Post Dev CF						
Financial Forensics						
Loan repayment			25,851	99,755	100,329	203,819
Closing loan	-147,769	-1,066,014	-1,040,164	-940,408	-840,079	-636,114



If I change the view to just show the SO or AR cashflows ProVal shows which cashflow is supporting and which is receiving, this is calculated each month so as in my example it can flow both ways.

Please select a cashflow: **Affordable Rent**

	2034/35	2035/36	2036/37	2037/38	2038/39	2039/40
Opening loan	-443,944	-419,596	-387,842	-354,500	-319,490	-282,731
Capital						
▶ Subsidy						
▶ Sales						
▶ Acquisition						
▶ Works						
▶ Fees						
▶ Other costs						
Other receipts						
▶ Revenue	17,781	19,192	20,779	22,446	24,197	26,000
▶ Rent	50,000	50,000	50,000	50,000	50,000	50,000
▶ Allowances	-11,000	-11,000	-11,000	-11,000	-11,000	-11,000
▶ Interest	-21,219	-19,809	-18,221	-16,554	-14,803	-12,900
Indicators						
▶ Net Rent	39,000	39,000	39,000	39,000	39,000	39,000
Rent, rcpts & interest	17,781	19,192	20,779	22,446	24,197	26,000
Interest cover	189.0%	204.3%	223.2%	247.4%	279.1%	322.1%
X-Subsidy	6,567	12,563	12,563	12,563	12,563	12,563
Handovers						
Post Dev CF excl loan	24,348	31,754	33,342	35,009	36,760	38,500
Post Dev CF						
Cumulative Post Dev CF	929	929	929	929	929	929
Financial Forensics						
Loan repayment	24,348	31,754	33,342	35,009	36,760	38,500
Closing loan	-419,596	-387,842	-354,500	-319,490	-282,731	-244,444

Please select a cashflow: **Shared Ownership**

	2034/35	2035/36	2036/37	2037/38	2038/39
Opening loan	5	-3,459			
Capital					
▶ Subsidy					
▶ Sales					
▶ Acquisition					
▶ Works					
▶ Fees					
▶ Other costs					
Other receipts					
▶ Revenue	5	10,026	12,563	12,563	12,563
▶ Rent	13,750	13,750	13,750	13,750	13,750
▶ Allowances	-3,688	-1,188	-1,188	-1,188	-1,188
▶ Interest	-37				
Indicators					
▶ Net Rent	10,063	12,563	12,563	12,563	12,563
Rent, rcpts & interest	10,026	12,563	12,563	12,563	12,563
Interest cover					
X-Subsidy	-6,567	-12,563	-12,563	-12,563	-12,563
Handovers					
Post Dev CF excl loan	3,459				
Post Dev CF					
Cumulative Post Dev CF					
Financial Forensics					
Loan repayment	3,459				
Closing loan	9				

A positive X-Subsidy is receiving cash and negative is contributing cash. There are some rules that might apply to certain conditions. For example, if a tenure/product type has the sales percentile set to 100% then that tenure/product cannot receive X-Subsidy but might contribute of the selector in the Loan section is ticked on.

Product Type	Outright Sale
Type of development	Trad. NB, A and W
▶ Additional Attributes	Feb 2023
▶ NPV Rates	5.00 %
▶ Sales & Staircasing	100 %



Common Cashflow Issue

One of the most common issues we see when customers share appraisals with us is that they have not balanced the Development part of the Cashflow. This is massively important because if ProVal doesn't know where the cost should be spread it won't know how to calculate the interest and in the new Single Cashflow model it won't know how to discount the development costs appropriately.

We have added more out of balance warnings - hopefully this will draw users' attention to this better - please let us know what you think.

NOTE: The out of balance figures are only shown in Section D just like the Dual Cashflow even though in Single Cashflow appraisals the cashflow element in Section D is the same as Section J

Appraisal Summary

Scheme Name: ProVal Place - 2021
Appraisal By: KAT
Total Units: 14
Persons: 52
NPV at First Handover: £1,299,378
IRR: 15.04 %
TSC / MSV: 82.28 %
Loan Repaid Year: 13

Products Summary

Affordable Rent

Total Units: 6
Total Persons: 18
NPV at First Handover: -£95,448
IRR: 4.94 %
TSC / MSV: 92.61 %
Loan Repaid Year: 13

Shared Ownership

Total Units: 6
Total Persons: 24
NPV at First Handover: £877,819
IRR: 15.81 %
TSC / MSV: 82.07 %
Loan Repaid Year: 1

Outright Sale

Total Units: 2
Total Persons: 10
NPV at First Handover: £517,008
IRR: 75.96 %

D - Development Cashflow

Interest On Negative Balances: 3.50 %
Use Compound Monthly Interest: X
Interest On Positive Balances: DISABLED

Total Interest - Negative means cost: -£53,831
Total Remaining Balance to Forecast: £1,000,000
Date First Cashflow Event: Feb 2021
Date Last Cashflow Event: Dec 2022
Milestones End Date: Dec 2023
Milestones Number of Months: 36
Milestones Peak Cumulative Cashflow: £0

Development Cashflow Forecast

Please select a cashflow: ProVal Place - 2021

Development Cashflow is not complete.

	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29
Opening loan			-1,260,988	-795,408					
Capital	1,000,000	-1,643,809	125,358	1,193,000					
Revenue		-7,179	-49,778	68,547	72,307	76,077	75,512	73,072	75,637
Rent			22,390	85,589	88,584	91,685	94,681	97,478	100,361
Allowances			-3,922	-10,502	-10,876	-11,225	-15,233	-20,834	-21,512
Interest		-7,179	-68,246	-6,540	-5,400	-4,383	-3,936	-3,572	-3,212
Indicators									
Loan repayment		390,000	1,293,468	1,268,087	77,708	80,460	79,448	76,644	78,849
Closing loan		-1,260,988	-795,408						

Question: Applies To

Formula:

Preview: All Units

Help User Comments Validation Error Warning Support

Source Question Current Value
Acquisition costs Land Purchase 1,000,000



Appendix 1

Our dual cashflow model inflates costs (and incomes like grant money) received during the development phase up to a point in time called "first handover" (FH) by applying a factor called "development interest rate". Any development costs (and incomes) received after that point are similarly discounted. We then add these adjusted amounts together to get the "opening loan".

The difference between the unadjusted straight arithmetic sum of all these costs (less the incomes), and the "opening loan" is called the "development interest". It harks back to a bygone age where housing developers opened separate overdraft bank accounts for each scheme. And back then the actual interest rate charged by the bank when the account was in overdraft (negative balance) was different from the interest rate accrued when the account was in the black (positive balance), pro-rata on a daily basis.

Our flagship "NPV of Net Rent + Capital Receipts – Opening Loan" metric discounted all revenue (rent) and capital receipts (equity sales etc) in the long term back to the "first handover" point in time.

So by inflating costs (and incomes) before that date and deflating incomes (and cost) after that date, we end up with a net NPV at the point of first handover. This is all fine and dandy mathematically speaking as long as your "interest rate during development" is the same as your "NPV discount rate in the long term".

If this net NPV is positive, we can answer the question "Is this a sound investment at the time the first unit hands over?" in the affirmative.

But, when the development interest rate differs from the long term discount rate, then unwanted distortions occur especially when there are early capital receipts, such as outright sales or first tranche equity sales.

Our single cashflow model avoids these distortions by removing the antiquated and arbitrary split between development and long term. Instead, all transactions are now discounted to the date of the first transaction and added together, and we call it the "NPV at the start".



If this NPV is positive we can answer the question "Is this a sound investment before we begin?" in the affirmative.

The Time Value Of Money principles allows one to "move an NPV in time" by making a simple arithmetic adjustment based on the discount rate and the distance in time. This allows us to quickly calculate the NPV at first handover, last handover or any other point in time from the "NPV at the start".

The IRR is that discount rate which makes the NPV very close to zero. Note this IRR doesn't change if you move the NPV in time (because zero adjusted by any rate for any length of time is still zero).

We can still calculate the traditional development interest sum, by simulating a traditional bank overdraft etc, but this is becoming increasingly pointless and doesn't provide an answer to any useful questions from an investment or management perspective.



Appendix 2

Modelling additional tenures in ProVal

Shared Ownership for Affordable Homes Program 2021-26

Create a new product type in Administration - Product Types based on the same settings as the existing SO units. In our example below, we have called it "SO AHP 2021/26", however, you can choose an alternative name.

+ Add product type									
Delete	Name	Allow Commercial	Allow 0% Sale	Allow Shared Ownership	Allow 100% Sale	Warn if over LHA	Warn if over Rent Cap	Background Colour	CatalystProductType
<input checked="" type="checkbox"/>	Affordable Rent	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="text"/>	<input type="text"/>
<input checked="" type="checkbox"/>	Commercial	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="text"/>	<input type="text"/>
<input checked="" type="checkbox"/>	Other	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="text"/>	<input type="text"/>
<input checked="" type="checkbox"/>	Outright Sale	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="text"/>	<input type="text"/>
<input checked="" type="checkbox"/>	Private Rent	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="text"/>	<input type="text"/>
<input checked="" type="checkbox"/>	Shared Ownership	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="text"/>	<input type="text"/>
<input checked="" type="checkbox"/>	SO AHP 2021/26	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="text"/>	<input type="text"/>
<input checked="" type="checkbox"/>	Social Rent	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="text"/>	<input type="text"/>

After creating the new product type, please restart ProVal.

Open your System Setting/Unit Generator appraisal*. If you have a generator specifically for SO we suggest that you duplicate that and rename it to 'SO AHP 2021/26'. If you only have one unit generator for all tenures, open that and duplicate the existing SO columns.

*A unit generator appraisal is an administrator's appraisal with one each of your unit type templates added to it. This enables you to make changes to all unit templates together and then save the updated unit type templates back into your unit defaults folder. If you don't have one of these, simply create a new appraisal and add one of each of your unit types to it, then save it in a system or admin folder.



Select "SO AHP 2021/26". From the Product Type dropdown

Add the relevant Maintenance under Rent Allowances for year 1 - 10 (don't forget you can use CTRL+Enter or Right Click and Copy Across or Copy Right to populate multiple cells if you are changing an entire row)

Appraisal Summary

Scheme Name	BRMA Test
Appraisal By	SDSAdmin
Total Units	4
Loan Repaid Year	1
Persons	18
NPV at First Handover	-£13,675
IRR	
TSC / MSV	

Products Summary

SO AHP 2021/26	
Total Units	4
Total Persons	18
NPV at First Handover	-£13,675
IRR	
TSC / MSV	
Loan Repaid Year	1
New summary item	Error

Unit Attributes

	A	B	C	D
Dwelling Description	2b3P House	3b5p House	2b3p Flat	3b5p Flat
Units	1	1	1	1
Floor Area (m ²)	71.00	96.00	75.00	96.00
Product Type	SO AHP 2021/26	SO AHP 2021/26	SO AHP 2021/26	SO AHP 2021/26
Sales & staircasing	40.70	40.70	40.70	40.70
Rent Allowances				
Managing Agent (% of Gross Rent)	0.00 %	0.00 %	0.00 %	0.00 %
Add VAT to Managing Agent?	0.0 %	0.0 %	0.0 %	0.0 %
Management per Unit per Annum				
Year 1 to 10	£450	£450	£450	£450
Year 11 to 100	£0	£0	£0	£0
Management Inflation Base Year				
Maintenance per Unit per Annum	£0	£0	£0	£0
Maintenance Inflation Base Year				
Service Costs per unit per Annum	£0	£0	£0	£0
Service Costs Inflation Base Year				
Reinstatement Costs per Unit per Annum	£0	£0	£0	£0
Reinstatement Inflation Base Year				



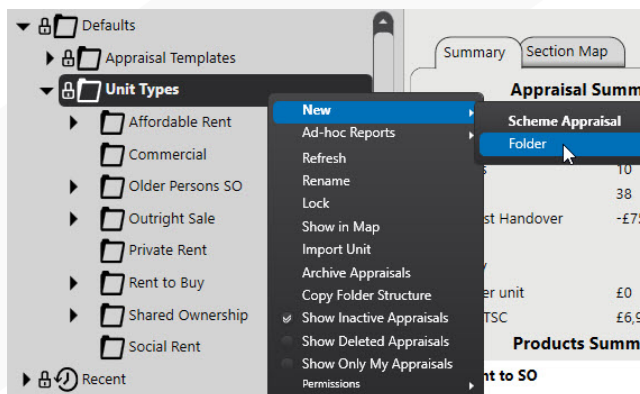
Update the first tranche sale in Sales and Staircasing section to 10%.

Sales & Staircasing					
Sell Ground Rents at End of Year					
Sales %	10 %	10 %	10 %	10 %	10 %
Actual Sales	£0	£0	£0	£0	£0

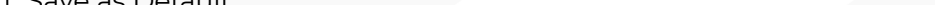
The staircasing won't necessarily need to be changed as ProVal straight lines this anyway but you may wish to review the staircasing if you believe that there will be a lower staircasing value.

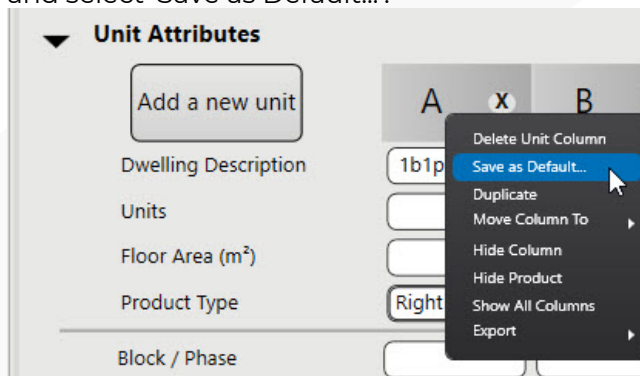
Once you are satisfied the assumptions are correct, save (but don't close) the unit generator appraisal.

Navigate to the Unit Defaults folder, right click and select New - Folder
Name the folder appropriately (SO AHP 2021/26)

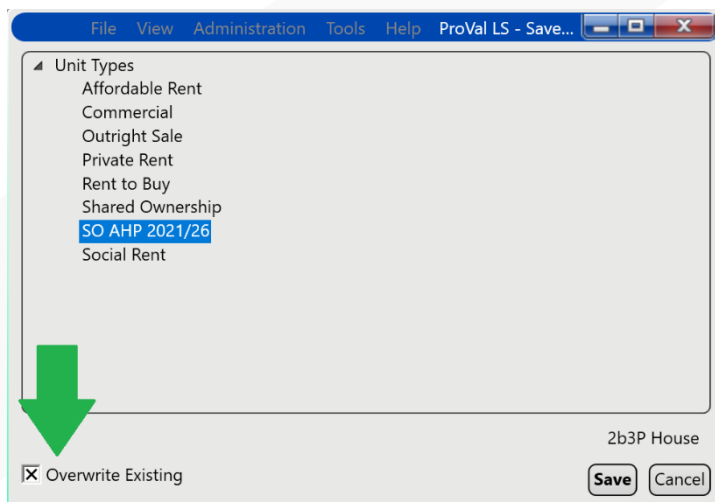




Back in the Unit Generator right click on each column heading in section A one at a time and select 'Save as Default...'.




In the Save dialog, select your SO AHP 2021/26 folder. If these are new unit types ensure that the 'Overwrite' option is NOT selected and then click Save.



Close the Unit Generator appraisal.

Edit your Appraisal Template(s) and go to Section G.

Apply the appropriate margin for this tenure. At this point it won't show the CPI value in the template so it will look like this:


















SO AHP 2021/26	▼ 0.50 %		
Year	Margin	Rate	
1 to 100	0.50 %	0.50 %	

When you use this template in an appraisal and add units this value will update and look like this:

SO AHP 2021/26	▼ 2.50 %		
Year	Margin	Rate	
1 to 100	0.50 %	2.50 %	

These units will now be available in your Unit Defaults folder and available for use!



- ▼  Defaults
 - ▶  Appraisal Templates
- ▼  Unit Types
 - ▶  Affordable Rent
 -  Commercial
 -  Outright Sale
 -  Private Rent
 - ▶  Rent to Buy
 - ▶  Shared Ownership
 - ▼  SO AHP 2021/26
 -  2b3p Flat
 -  2b3P House
 -  3b5p Flat
 -  3b5p House
 -  Social Rent



Affordable to SO or Rent to Buy

There is also a plan for existing rental tenants to be able to switch to the SO model above after they have been a resident for 3 years.

To model this in ProVal you is best practice to create new Product Type with a suitable name as explained above but the Sales and the Rent sections of the Default Unit will need to be laid out as below (assuming the unit changes to SO or OS at year 5). The year of change can be dependent on when you want the change to happen.

Residential Rent (per week)

Year	1 to	5	£80.00
Year	6 to	100	% U/Equity 2.75 %
Year 1 Rent			80% of Market Rent ...

Sales & Staircasing

Sell Ground Rents at End of Year	
Sales %	10 %
Actual Sales	£35,000
Handover Date	Feb 2022
Sales/Occupancy delay	0
Sold on	Feb 2022
Sales per Month	All
Defer Initial Sale Until End of Year	5
Start staircasing in Year	10
End staircasing in Year	30
Maximum Equity % to be Sold	70.0 %
Sell Remaining Equity in Year	



Please remember you will also need to check that the Rent Allowances are changed at year 5 where appropriate to reflect the change in tenure.

Elderly Shared Ownership Tenure

Government Guidance here:

<https://www.ownyourhome.gov.uk/scheme/opso/>

See the previous section for instructions on how to create a new Product Type in ProVal, this one should use the same settings as Shared Ownership. Some would call this Shared Equity to differentiate it from a standard SO model but essentially both are part sale tenures.

This is to model the elderly SO tenure where the rent is only paid on 75% of OMV and if the tenant staircases to 75% they effectively 'own' the unit and pay no more rent.

To calculate the rent for SO units in ProVal we use the 'Unsold Equity' value. For the Elderly SO model we need this value to be reduced, for example:

Market Value = £120,000

First Tranche Sale - £54,000

In normal SO we would calculate the rent as 2.75% of £66,000 but in this instance, we want to calculate the rent as 2.75% of the unsold equity less 25% of the Market Value.

To achieve this you need to put the formula below in the **Market Rent** cell for the SO Units

$$=(\text{UnsoldEquity}-(\text{MarketValue}*0.25))*0.0275/\text{WeeksPerYear}$$

In this example I've got a Current Market Value of £ 120,000 and first tranche sale of 45%, this equates to:

$$=(66,000-(30,000))*0.0275 = £ 990/52.18 = £18.97$$



Rent			
Handover Date	Mar 2024	Mar 2024	
Market Rent Yield p.a.	0.00 %	0.83 %	
Market Rent p.w.		£18.97	
Valuation Date			
Target Rent at Handover	£95.85		
Rent Cap	£168.85		
2016-20 deflation exemption	None	None	
Local Housing Allowance	£0.00	£0.00	
Cost Rent	£21.17	£135.90	
Rent Inflate From			
Residential Rent (per week)			
Year 1 to	10	£95.85	£18.97

Question: **Market Rent p.w.**

Formula:
$$=(\text{UnsoldEquity}-(\text{MarketValue}*0.25))*0.0275/\text{WeeksPerYear}$$

Preview: £18.97

In the Residential Rent Per Week you must select **100% of Market Rent** now instead of '% U/S Equity' so it uses the newly created formula.



▼ Residential Rent (per week)

Year	1 to	10	£95.85	% Market 100.00 %
Year	11 to	100	£95.85	£0.00
Anchor Rent to Unit Handover			X	X
Year 1 Rent			100% of Target Rent ...	100% of Market Rent ...

As there are 5 units in this example we should see ~£ 4,950 as the first year's income in the Long Term Cashflow (ProVal is calculating this to many decimal places which is why it's a £1 different to using a calculator)



Description	Apr 24/Mar 25 (1)	A
Opening Loan	£0	
Loan Details		
Handed Over from Dev CF	£1,112,862	
Interest	£31,589	
Sales Receipts	£270,000	
Staircasing Receipts	£0	
Set Aside Receipts	£0	
Ground Rent Sales	£0	
Other Capital Receipts	£0	
Loan Repayment, Total	£271,100	
Closing Loan	£873,350	
Gross Rent	£4,949	
Other Income & Voids	-£99	
Allowances	£3,750	
Net Rent	£1,100	
Net Rent + Receipts - Interest C	£239,512	

That can be used for the base template for the unit with NO staircasing.

In traditional SO units you might expect tenants to staircase as they work hard / get promotion / save money etc but in the case of the Elderly SO units we would expect less Staircasing events as they are not likely to be in that position so there is a high probability that this will be the only sale.

If you do want to sense check what effect staircasing on one or many units then in the chosen SO column you must add a new row for *each* allowance that you use and ensure that the allowances are zeroed out from when you wish to staircase the unit (you have to do this manually as you are only selling 75% and ProVal will continue to generate unless 100% is sold).



For this example we think we'll staircase to 75% in year 10....

The Orange column below is SO, the Yellow column is SR so we need to ensure that the SR continues to have allowances.

Management per Unit per Annum			
Year	1 to	10	£500
Year	11 to	100	£0
Management Inflation			

And repeat this for Rent so the rent also stops at the same time, again only for the SO not the SR

Residential Rent (per week)			
Year	1 to	10	£95.85
Year	11 to	100	£0.00

To validate that you haven't missed anything simply zero out the quantity cell for all the columns which are *not* SO Elderly that are staircasing and go check the Long Term Cashflow. In our example we receive the staircasing income in year 10 and then check the allowances and Net Rent are all £0 in year 11.



J - Long Term Cashflow

Show Charts

Description	Apr 24/Mar 25 (1)	Apr 25/Mar 26 (2)	Apr 26/Mar 27 (3)	Apr 27/Mar 28 (4)	Apr 28/Mar 29 (5)	Apr 29/Mar 30 (6)	Apr 30/Mar 31 (7)	Apr 31/Mar 32 (8)	Apr 32/Mar 33 (9)	Apr 33/Mar 34 (10)	Apr 34/Mar 35 (11)	Apr 35/Mar 36 (12)
Opening Loan	£0	£873,350	£904,911	£937,582	£971,402	£1,006,412	£1,042,651	£1,080,165	£1,118,996	£1,159,192	£983,522	£1,020,404
Loan Details												
Handed Over from Dev CF	£1,112,862	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Interest	£31,589	£32,731	£33,913	£35,137	£36,404	£37,715	£39,073	£40,478	£41,933	£43,438	£36,882	£3
Sales Receipts	£270,000	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Staircasing Receipts	£0	£0	£0	£0	£0	£0	£0	£0	£0	£217,277	£0	£0
Set Aside Receipts	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Ground Rent Sales	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Other Capital Receipts	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Loan Repayment, Total	£271,100	£1,170	£1,242	£1,317	£1,395	£1,475	£1,559	£1,647	£1,737	£219,108	£0	£0
Closing Loan	£873,350	£904,911	£937,582	£971,402	£1,006,412	£1,042,651	£1,080,165	£1,118,996	£1,159,192	£983,522	£1,020,404	£1,050,000
Gross Rent	£4,949	£5,093	£5,240	£5,392	£5,549	£5,710	£5,875	£6,046	£6,221	£6,401	£0	£0
Other Income & Voids	-£99	-£102	-£105	-£108	-£111	-£114	-£118	-£121	-£124	-£128	£0	£0
Allowances	£3,750	£3,821	£3,894	£3,968	£4,043	£4,120	£4,198	£4,278	£4,359	£4,442	£0	£0
Net Rent	£1,100	£1,170	£1,242	£1,317	£1,395	£1,475	£1,559	£1,647	£1,737	£1,831	£0	£0
Net Rent + Receipts - Interest C	£239,512	-£31,561	-£32,671	-£33,820	-£35,009	-£36,240	-£37,513	-£38,831	-£40,196	£175,670	-£36,882	-£3
Cashflow	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0
Cumulative Balance	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0	£0

Please note you should NOT model traditional staircasing with the above (for example Staircase Year 5 - 10) as the staircasing event will trigger ProVal to revert to the rent type of '% of u/s equity' which is based on 100% of OMV meaning that the rent income from that point will be too high.

(How to add the new units to your Defaults is covered in First Homes at the end of this doc)

First Homes

Guidance on this tenure available here:

<https://www.gov.uk/guidance/first-homes>

A **First Home** product must be sold for *at least* 30% discount against OMV with a maximum value after discount of £ 250,000 (or £ 420,00 in London)

See the first section of this doc on how to create a new Product Type in ProVal, First Homes should use the same settings as Outright Sale (or Market Sale)

The quick way to do this is to also select Allow 0% Sale and when you create the unit only sell 70% of OMV. The potential pitfall here is that if you have any allowances etc attached

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Classification: Public



to this unit then they will continue to apply for the entire NPV period which will have a detrimental effect on the results. Below we explain a better way to set this up.

Log into ProVal as Administrator

Go to Administration - User Defined Questions

Expand Scheme Appraisal - Units - Unit Attributes - Additional Attributes as below

Expand and highlight the word 'Inputs' in brown text

Click Add (highlighted at the bottom of screenshot) and it will create a 'New Question' visible in brown text on the left and black text on the right.

The screenshot shows the ProVal software interface. On the left, a tree view under 'Scheme Appraisal' -> 'Units' -> 'Unit Attributes' -> 'Additional Attributes' has 'Inputs' highlighted. The main area is titled 'Additional Attributes' and contains three checkboxes: 'Include in Appraisal Template:' (checked), 'Include in Unit Default:' (checked), and 'Include in Appraisal:' (checked). Below these are 'Order Questions' buttons: 'Up' and 'Down'. A list of questions is shown, with 'New Question (NewQuestion)' highlighted in brown text. The list includes various attributes like 'Number of Bedrooms', 'Is Bedsit?', 'Persons', 'January 1999 Value', 'Setbacks [%]', 'Current Market Value', 'Offset from First Handover', 'Is Flat?', 'Adjust Area by %', 'Additional Floor Area (m²)', 'Is New Build?', 'Is Leasehold?', 'Habitable Rooms', 'Is Commercial?', 'Is Shared?', 'Storeys', 'Other Description', 'Is Extended Family?', 'Is Elderly / Cat 2 Frail?', 'Supported Stay Period', and 'Additional Attributes'. At the bottom, there are 'Add' and 'Delete' buttons, with 'Add' highlighted.

Highlight the 'New Question' in the brown text and fill in the Question, Answer Type, Unique Name and Format fields and tick the 3 check boxes. You do not need to use the same text that I have used but it's advisable to use something easily identifiable.



Click back on the Inputs brown text to show the list of questions on the right again. Click on the 'New Question' (which may still partially show New Question as in my screenshot), you won't be able to see that it's been selected (this bit was designed for SDS not for Users!) and use the Up and Down buttons to put the New Question where you would like it. We suggest adjacent to Current Market Value.



Additional Attributes

Include in Appraisal Template: ☒
 Include in Unit Default: ☒
 Include in Appraisal: ☒

Order Questions

Question
Number of Bedrooms (UnitType.Bedrooms)
Is Bedsit? (UnitType.IsBedsit)
Persons (UnitType.Persons)
January 1999 Value (UnitType.Jan99Value)
Setbacks [%] (UnitType.SetbacksPercent)
Current Market Value (UnitType.MarketValue)
New Question (OneHundredPercentOMV)
Offset from First Handover (UnitType.HandOverOffset)
Handover Date (UnitType.HandoverDate)
Is Flat? (UnitType.Flat)
Adjust Area by % (UnitType.AdditionalAreaPercent)
Additional Floor Area (m²) (UnitType.AdditionalArea)
Is New Build? (UnitType.NewBuild)
Is Leasehold? (UnitType.IsLeasehold)
Habitable Rooms (UnitType.HabitableRooms)

Up
Down

Close ProVal and restart. Go to your Unit Generator or create a new one from template. In Section A add a new Unit / new Units, set the Dwelling Description / Floor area etc along with NPV rate and period, any Ground rent / Allowances etc.

NOTE: You still must apply an NPV Rate and Period for ProVal to provide results even though this is a sale unit

In Additional Attributes you should now be able to see your new User Defined Question (called 100% OMV below)

To test it works put a value in the 100% OMV cell then click in the Current Market Value cell and then click in the Formula bar at the bottom of the page and type the formula =<New Question>*0.7

Replacing <New Question> with the Unique Name of the question you created. If you are unsure what it was then as soon as you click in the Formula bar you will see all the names change (they will lose their spaces), this is showing the Unique Name for each field

OneHundredPercentOMV £350,000

You also may see an error as in my screenshot, ignore the error.



A - Units

▼ **Unit Attributes**

Add a new unit

A x

Dwelling Description: 2B3P House

Units: 1

Floor Area (m²): 75.00

Product Type: First Homes

Type of development:

▼ **Additional Attributes**

Number of Bedrooms: 2

Is Bedsit?: X

Persons: 3

January 1999 Value:

Current Market Value: £196,000

100% OMV: £280,000

Offset from First Handover: 0 months

Handover Date: Jan 2014

Is Flat?: X

Adjust Area by %: 0 %

Additional Floor Area (m²): 0.00

Is New Build?: X

Is Leasehold?: X

Question: Current Market Value

Formula: **=OneHundredPercentOMV*0.7**

Preview: Exception has been thrown by the target of an invocation.

Reference: MarketValue

Now if you change the value in the 100% OMV cell you will see Current Market Value update and this will be reflected in the Sales and Staircasing section.



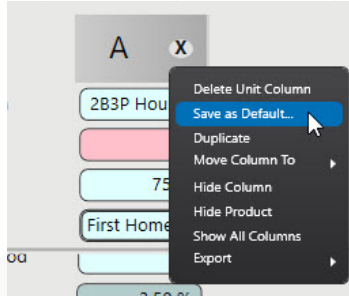
Current Market Value	£245,000
100% OMV	£350,000
Sales & Staircasing	
Sell Ground Rents at End of Year	
Sales %	100 %
Actual Sales	£245,000

Now make sure you've set the Unit quantity and Current Market Value if this isn't part of your defaults and repeat the process for your required defaults. (1/2/3 bed / Flat/House etc)

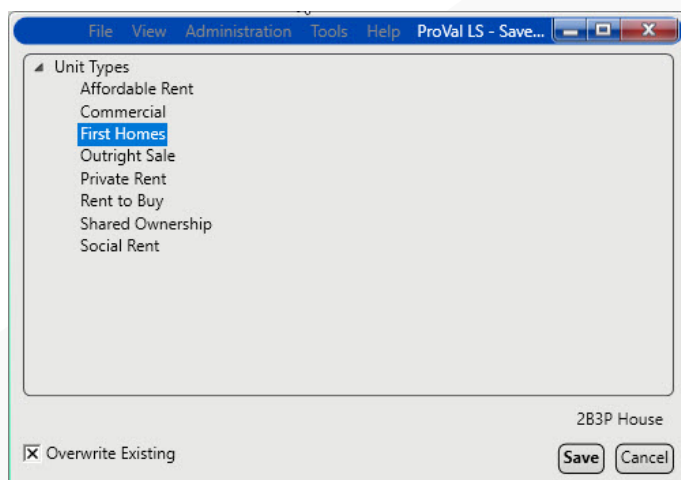
In ProVal navigate to Defaults - Unit Types folder

Right click and 'New' - 'Folder', name it First Homes

In your unit generator right click on each unit column heading and select 'Save as default'



Select the 'First Homes' folder on the pop-up, ensure the 'Overwrite' is not ticked unless you actually are overwriting an existing unit, check the name is what you want to call it and click Save.





Appendix 3 Why are my results different from 2CF

1. Development Interest differences

In 2CF as here are two distinct cashflows, development cashflow and long term cashflow. The cost of development is the opening loan transferred to the LTC including the development interest. Some organisations have a different interest rate from the NPV discount rate which can skew results.

As the appraisal is a wholistic view on project performance it was decided to use the NPV Discount Rate across the whole cashflow, so the development costs have already been discounted at the NPV Discount rate and a NPV of development is the deduction part of the NPV calculation, shown in Section I.

The visual effect of this can be seen in Section I

NPV of development:	-£242,679
NPV of (Net Rent + Capital Receipts + Capital Value - Development):	£57,151

The Development Interest in Section D is set in Section D but will not affect the NPV of development as explained above. If you wish to see a development interest at a particular interest rate this can be done for record or information purposes just remembering it is not part of the project NPV calculation value. Note: Remember the development monies are discounted already at the NPV discount rate.

D - Development Cashflow			
Interest On Negative Balances	<input type="text" value="5.00 %"/>	Total Interest - Negative means cost	-£8,563

3. Cashflow Rounding

We now round cashflow spreading to the nearest penny instead of pound. This leaves less of an adjustment in the final month.

4. Long Term loan start

You can now choose when the Long Term Loan starts, for Annuity Loans see above

5. All schemes use smoothed rents



NPV we include development interest in the opening loan handed over to the LTC and there this is directly pound for pound included in NPV calculation which starts at FH up to the Discount Period Year set in Section A.

In ICF Single Cashflow as everything is in the cashflow already we discount the development period monies up to the FH milestone and that figure is used as the deduction of development from the monies in the NPV calculations

no longer do (although it is still a development cost and part of the long term borrowing)