Company's Registered Number: 07977629

HASTOE CAPITAL PLC

Report and Financial Statements
Year ended 31 March 2022

CONTENTS

DIRECTORS AND ADVISORS

Directors	Robert Rutledge (Chairman) Ulrike Maccariello Georgina Parkinson Andrew Potter William Roberts
Secretary	William Roberts
Registered office	Marina House 17 Marina Place Hampton Wick Kingston upon Thames Surrey KT1 4BH
Bankers	Barclays Bank Plc King George Street Yeovil Somerset BA20 1PX
Auditors	BDO LLP 2 City Place Beehive Ring Road Gatwick West Sussex RH6 0PA
Solicitors	Trowers & Hamlins LLP 3 Bunhill Row London EC1Y 8YZ
Legal Status	Registered under the Companies Act 2006 No 07977629

DIRECTORS' REPORT

The directors present the Directors' Report, Strategic Report and the financial statements for the year ended 31 March 2022.

Overview and Activities

Hastoe Capital Plc ("the Company") is a special purpose vehicle used to secure funding from the capital markets for its ultimate parent company, Hastoe Housing Association Limited ("Hastoe").

Future Developments

The Directors do not anticipate any changes in the Company's principal activity.

Directors

The Directors holding office during the year and at the date of this report are listed on page 2.

Directors and officers' liability insurance has been purchased by the Group during the year, and covers the Company.

Employees

Hastoe Capital Plc does not employ any staff.

Political and Charitable Donations

The Company made no political or charitable donations during the year (2021: £nil).

Dividends

The directors do not recommend the payment of a dividend (2021: £nil).

Financial Risk Management

Risk management objectives and policies
Hastoe's treasury function is responsible for the management of funds and control of associated risks. Its activities are governed by the Hastoe Group Board who are responsible for treasury issues in all the Group's legal entities. The treasury function does not operate as a profit centre.

Interest rate risk / hedging
The Company currently borrows funds on a fixed rate basis from the capital markets and then on-lends these funds to Hastoe on a similar fixed rate basis. As such, the Company does not bear any interest rate risk, apart from the underlying credit risk to Hastoe, which is discussed below. The Company does not undertake any hedging activities and it does not have any derivatives.

Credit risk
As the Company on-lends to Hastoe, the main risk facing Hastoe Capital Plc is that Hastoe will be unable to make its interest or principal payments when they fall due. This risk is mitigated in a number of ways:

- The on-lent funding to Hastoe is under a secured loan agreement, which is backed by housing assets of Hastoe. If there are any payments that are not made, then Hastoe Capital Plc has the right to enforce the security under the loan.
- The Company is not obliged to source funding from the capital markets for on-lending to Hastoe, unless it satisfies itself of Hastoe's credit worthiness.
- Hastoe benefits from 'A3' credit rating from Moody's Investor Services.

DIRECTORS' REPORT (Continued)

Corporate Governance Statement

The Company has a listed security in issue and complies with the applicable sections of the Disclosure and Transparency Rules, DTR 7.1 and DTR 7.2, of the Financial Conduct Authority ("FCA") handbook.

The Company does not have a Premium Listing and is not required to comply with the UK Corporate Governance Code ("the Code"). The Company's corporate governance arrangements are reported by reference to relevant good practice including the UK Corporate Governance Code (UKCGC) from 1 March 2022, which has been adopted and complied with by the Hastoe Group. The Group previously followed National Housing Federation's ("NHF") Code of Governance – (2015 edition). In fulfilling its obligations under the UKCGC, the Company follows good practice drawn from supporting guidance.

Companies in the Hastoe Group (the "Group") do not have external shareholders. All companies in the Group (including the Company) comply with equivalent provisions in the UKCGC which relate to communications with stakeholders. The remuneration arrangements for housing associations differ from those of listed public companies (for example, the absence of share based incentives). However the Group complies with the provisions of the UKCGC provisions on board and executive pay.

Board Statement on the Effectiveness of the System of Internal Control

The Board has responsibility for the system of internal controls operational in Hastoe Capital Plc. As part of the Hastoe Housing Association Limited Group (Hastoe), it has established a system of controls designed to mitigate or manage the major risks that might prevent Hastoe Capital Plc from achieving its business objectives. Whilst the system of internal controls is designed to give reasonable assurance, no control system can give absolute assurance against loss or damage.

A programme of risk management has been established covering financial risks, compliance risks, and operational and strategic risks. The system includes the identification and evaluation of major risks, as well as measures where needed to mitigate or manage them.

The key features of the system of internal controls are:

- Sound governance arrangements to ensure adherence to Hastoe's governing instruments and the proper conduct of Hastoe's business, monitoring compliance with external standards of probity, delegation of authority reflected in approved Standing Orders
- A system of budgetary controls requiring designated budget holders to maintain controllable expenditure within approved budgets
- A range of anti-fraud measures designed to prevent and detect fraud and to respond effectively to allegations of fraud
- Controls over the processing and reporting of financial transactions
- Recruitment and staff management policies and procedures aimed at ensuring the integrity and effectiveness of Hastoe staff
- IT system security and controls to protect the continuity of Hastoe's processing capacity
- Financial appraisal, approval and management of major capital projects

The Board has reviewed the system of internal controls for the year ended 31 March 2022 and the period to the date of signing these financial statements and has received sufficient assurance of the adequacy of controls in the period under review. There has been no breach within the period that required disclosure.

DIRECTORS' REPORT (Continued)

Going Concern

After making enquiries, the Board has a reasonable expectation that Hastoe Capital Plc has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

The Board has also considered the longer term viability of the Company. The assessment has taken account of:

- the long term nature of the Company's activity. The Company was set up to hold the long term bond and on-lend within the Group, with repayment in 2042.
- The Group's long term business plan that demonstrates the ability to service the debt.

The directors have made an assessment of Hastoe Housing Association Limited's ability to make interest payments as they fall due. The directors have considered the potential impact of the increase in build cost inflation and supply chain issues. The directors are satisfied that there are no factors or events that may cast doubt on future payments being made.

As a result the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

Disclosure of Information to the Auditors

The Directors who held office at the date of approval of this Directors' Report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware, and each Director has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

Auditors

A resolution to re-appoint BDO LLP as auditors of Hastoe Capital Plc will be tabled at the forthcoming Annual General Meeting.

Approved by the board of directors and signed on behalf of the board.

R Rutledge

Robert Rutledge
Director

2022-08-10

STRATEGIC REPORT

Hastoe Capital Plc is a wholly owned subsidiary of Hastoe Housing Association Limited.

Business Review

The profit and loss account shows a result of £nil for the year (2021: £nil). This is in line with the Company's role as a special purpose lending vehicle that does not seek to generate financial returns.

On 27 March 2012, Hastoe Capital Plc issued a 30 year, £100 million bond, with a coupon of 5.6%. On 27 November 2014 a further amount of £25 million was issued. On 20 December 2018, a further £75 million was issued, all of which was retained, taking the full issue to £200 million. On 8 January 2019, £25 million of the retained bonds were sold. All of the monies raised have been on-lent to Hastoe Housing Association Limited.

The Company operates as a Group funding vehicle and as such has no specific key performance indicators. The entity is monitored against the original performance model and is thus expected to break even. Its capital management focuses on maintaining the relationship between its borrowings and it debtors.

Principal Risks and Uncertainties

As the Company on-lends to Hastoe Housing Association Limited, the Audit & Risk Committee consider that the principle risk facing Hastoe Capital Plc is that Hastoe Housing Association Limited will be unable to make its interest or principal payments when they fall due. The Committee has concluded that this risk is mitigated in a number of ways:

- The on-lent funding to Hastoe Housing Association Limited is under a secured loan agreement, which is backed by housing assets of Hastoe Housing Association Limited. If there are payments that are not made, then Hastoe Capital Plc has the right to enforce the security under the loan.
- The Company is not obliged to source funding from the capital markets for on-lending to Hastoe Housing Association Limited, unless it satisfies itself of Hastoe Housing Association Limited's credit worthiness.
- Hastoe Housing Association Limited benefits from 'A3' credit rating from Moody's Investor Services.

Section 172 statement

The Company was formed for the sole purpose of raising debt finance for the Hastoe Group. It is a wholly owned subsidiary and does not have any employees. The directors, accordingly, do not consider that the interests of the Company's employees, the impact of the Company's operations on the community and the environment or the need to act fairly between members of the company are relevant to the proper discharge of their duty under section 172. Each of these factors is considered by the wider Group. Given the purpose of the company, the relevant stakeholder groups are therefore the investors in the listed debt and the parent entity, Hastoe Housing Association Limited (HHA).

The Board of Hastoe Capital Plc consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of those stakeholders, and in doing so have regard (amongst other matters) to:

- the likely consequences of any decision in the long term,
- the need to foster the Company's business relationships, and
- the desirability of the Company maintaining a reputation for high standards of business conduct.

As the Board of Directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours. The intention is to nurture our reputation, through both the construction and delivery of our plan, which reflects our responsible behaviour.

STRATEGIC REPORT (Continued)

The Board considers the following to be the key decisions and considerations it has made during the year to 31 March 2022.

Board decision	Consideration
The Board considers the interests of stakeholders when setting its strategy.	A robust strategy is the foundation for maintaining the trust of all our external stakeholders.
Review of HHA's business plan and cash flow forecasts, including consideration of the potential impacts of high inflation and supply chain issues.	The Board has monitored the business plan of HHA, as the sole customer, and considered how they have performed against their targets and covenants.
Engaging with our investors	Communication with our investors is key and to promote this we publish investor relations reports.

Approved by the board of directors and signed on behalf of the board

R Rutledge

Robert Rutledge
Director

2022-08-10

AUDIT & RISK COMMITTEE STATEMENT

Audit & Risk Committee's Responsibilities
The Audit & Risk Committee plays a crucial role in assisting the Board by monitoring, reviewing and challenging the effectiveness of the Company's systems of internal controls. The Committee also monitors and reviews the appointment of the Company's external auditors and acts to ensure their independence and effectiveness.

External Audit
The external auditors, BDO, were appointed on 15 February 2019. The fees paid to BDO for the financial year to 31 March 2022 were £10,000. BDO provides no non audit services to the Company.

The Audit & Risk Committee has undertaken a thorough assessment of the quality, effectiveness, value and independence of the audit provided by BDO. The Committee is satisfied that the Company has adequate policies and safeguards in place to ensure BDO maintain their objectivity and independence. The external auditors report to the Audit & Risk Committee annually on their independence from the Company.

Approved by the Audit & Risk Committee and signed on behalf of the Committee

Martin Huckerby
Chair of the Audit & Risk Committee

2022-08-10

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

The directors are responsible for preparing the Strategic Report, the Directors' Report and financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they are required to prepare the financial statements in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of its profit or loss for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- assess the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and Directors' Report that complies with that law and those regulations.

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the directors' report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

R Rutledge

Robert Rutledge
Director

2022-08-10

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HASTOE CAPITAL PLC

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2022 and of its result for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of Hastoe Capital Plc ("the Company") for the year ended 31 March 2022, which comprise the profit and loss account, the statement of changes in equity, the balance sheet, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion. Our audit opinion is consistent with the additional report to the Audit and Risk committee.

Independence

Following the recommendation of the Audit and Risk committee, we were appointed by the board on 7 February 2019 to audit the financial statements for the year ending 31 March 2019 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 4 years, covering the years ending 31 March 2019 to 31 March 2022.

We remain independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Company.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- We obtained management's assessment that supports the Board's conclusions with respect to the disclosures provided around going concern, this included the Parent Association's (Hastoe Housing Association Limited) ability to repay the inter company debt.
- In respect of the Company and the Parent Association:
  - We considered the appropriateness of management's forecasts by reviewing and assessing assumptions applied by management, assessing historical forecasting accuracy and understanding management's consideration of downside sensitivity analysis;
  - We obtained an understanding of the financing facilities from the finance agreements, including the nature of the facilities, covenants and attached conditions;
  -

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HASTOE CAPITAL PLC (CONTINUED)

- We assessed the facility and covenant headroom calculations, and re-performed sensitivities and stress testing; and

- We reviewed the wording of the going concern disclosures and assessed its consistency with management's forecasts.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.
Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

Overview

<table>
<tr><td>Key audit matters</td><td>
<table>
<tr><td></td><td>2022</td><td>2021</td></tr>
<tr><td>KAM 1: The recoverable amount of related party debt is materially misstated</td><td>✓</td><td>x</td></tr>
<tr><td>KAM 2: The preparation of the accounts on a going concern basis is not appropriate and recoverability of intercompany debt</td><td>x</td><td>✓</td></tr>
</table>
KAM 2 is no longer considered to be a key audit matter at 31 March 2022 as Hastoe Housing Association Limited has adequate resources to continue in operational existence for the foreseeable future and therefore to make interest payments as they fall due.
</td></tr>
<tr><td>Materiality</td><td>Financial statements as a whole

£129k (2021: £121k) based on 1.6% of revenue (2021: 1.5% of revenue).</td></tr>
</table>

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit, and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HASTOE CAPITAL PLC (CONTINUED)

<table>
<tr><th colspan="2">Key audit matter</th><th>How the scope of our audit addressed the key audit matter</th></tr>
<tr><td>The recoverable amount of related party debt is materially misstated

As disclosed in note 2, 8 & 10 as the entity on-lends to its ultimate parent.

Recoverability of these balances is intrinsically linked to the future viability of the parent entity and needs to be reviewed at each balance sheet date.</td><td>The assessment of the recoverability of the related party debt involves several subjective judgements including the rent collection and potential impact of the increase in build cost inflation and supply chain issues for Hastoe Housing Association Limited.

We have therefore spent significant audit effort in assessing the appropriateness of the assumptions involved, and as such this has been identified as a Key Audit Matter.</td><td>Our audit response involved the following:

• Assessment of management's review of the recoverability of related party debt including their consideration of the parent entity's assessment of its going concern status.
• Consideration of the forecasts prepared by the parent entity and challenge of the key assumptions based on our knowledge of that business, including availability of financing facilities and covenant compliance calculations.
• Assessing scenarios modelled by the parent entity including a stress test to analyse the current estimates of rent collection, property sales and maintenance and development spend that could be sustained without breaching banking covenants. We challenged the assumptions used and mitigating actions included within this scenario and reviewed the reverse stress test calculations.

Key observations:

With regards recoverability of intercompany debt, we noted no material exceptions through performing these procedures.</td></tr>
</table>

Our application of materiality

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HASTOE CAPITAL PLC (CONTINUED)

	Company financial statements	
	2022 £	2021 £
Materiality	129,000	121,000
Basis for determining materiality	1.6% of revenue	1.5% of revenue
Rationale for the benchmark applied	The entity on lends funds raised in the capital markets to group companies and therefore the revenue generated from these activities is the area that will have greatest impact on decisions made by users of the accounts	
Performance materiality	97,000	89,000
Basis for determining performance materiality	75% of the materiality for the financial statements as a whole	

Reporting threshold

We agreed with the Audit and Risk Committee that we would report to them all individual audit differences in excess of £6k (2021: £6k). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HASTOE CAPITAL PLC (CONTINUED)

Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of the Directors' responsibilities the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

As part of the audit we gained an understanding of the legal and regulatory framework applicable to the Company and the industry in which it operates, and considered the risk of acts by the Company that were contrary to applicable laws and regulations, including fraud. We considered the Company's compliance with laws and regulations that have a direct impact on the financial statements such as the Companies Act 2006 and other laws and regulations application to a plc in England.

We have made an assessment of the susceptibility of the entity's financial statements to material misstatement, including how fraud may occur. In addressing the risk of fraud through management override of controls we have tested the appropriateness of journal entries and other adjustments, in particular any journals posted by senior management, privileged users or with unusual account combinations.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF HASTOE CAPITAL PLC (CONTINUED)

Audit procedures capable of detecting irregularities including fraud performed by the engagement team included:

- Discussions with management, including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading minutes of meetings of those charged with governance, internal audit reports, reviewing correspondence with HMRC and the other regulators to identify any actual or potential frauds or any potential weaknesses in internal control which could result in fraud susceptibility;
- Reviewing financial statement disclosures and testing to supporting documentation to assess compliance with applicable laws and regulations;
- Reviewing items included in the fraud and theft register for any potential weaknesses in internal control which could result in fraud susceptibility;
- Challenging assumptions made by management in their significant accounting estimates and judgements in particular in relation to the recoverability of related party debt;
- We performed analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud; and
- We updated our understanding of the entity's current activities, the scope of its authorisation and the effectiveness of its control environment;

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

A further description of our responsibilities is available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
E Kulczycki
C7998D5EC4924F4...

Elizabeth Kulczycki (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Gatwick 26 August 2022
United Kingdom

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £'000	2021 £'000
Revenue	3	8,053	8,044
Operating expenditure		-	-
Operating profit		**8,053**	**8,044**
Interest and financing costs	7	(8,053)	(8,044)
Profit before taxation	4	**-**	**-**
Taxation	6	-	-
Profit and total comprehensive income for the year		**-**	**-**

All of the company's operations are classed as continuing.

There are no recognised gains or losses other than those included above and therefore no movements in other comprehensive income to disclose.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Called up share capital	Profit & loss account	Total equity
At 1 April 2020	50	-	50
Result for the year	-	-	-
At 31 March 2021	50	-	50
Result for the year	-	-	-
At 31 March 2022	**50**	**-**	**50**

Company's registered number: 07977629

BALANCE SHEET AS AT 31 MARCH 2022

	Notes	2022 £'000	2021 £'000
Fixed assets			
Debtors	8	161,269	161,638
Current assets			
Debtors	8	138	115
Cash and cash equivalents		13	13
		151	128
Creditors: amounts falling due within one year	9	(139)	(115)
Net current assets		12	13
Total assets less current liabilities		161,281	161,651
Creditors: amounts falling due after more than one year	10	(161,231)	(161,601)
Net assets		**50**	**50**
Capital and reserves			
Share capital	11	50	50
Total reserves		**50**	**50**

The accounts were approved and authorised for issue by the Board of Directors on 13 July 2022 and were signed on its behalf by:

R. Rutledge

Robert Rutledge
Director

2022-08-10

W Roberts

William Roberts
Director

2022-08-10

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	2022	2021
	£'000	£'000
Cashflows from operating activities		
Operating profit	8,053	8,400
Net cash from operating activities	**8,053**	**8,400**
Cashflow from investing activities		
Cashflow from financing activities		
Interest paid	(8,053)	(8,400)
Net cash from financing activities	**(8,053)**	**(8,400)**
Net change in cash and cash equivalents	**-**	**-**
Cash and cash equivalents at start of year	13	13
Cash and cash equivalents at end of year	13	13

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022

1. Legal status

The Company is incorporated in England and is a public limited company. The Company's registered number is 07977629 and its registered office is Marina House, 17 Marina Place, Hampton Wick, Kingston upon Thames, Surrey, KT1 4BH.

2. Accounting policies

The accounts have been prepared in accordance with applicable accounting standards in the United Kingdom including Financial Reporting Standard 102 (FRS102). Hastoe Capital Plc is a subsidiary of a public benefit entity.

A summary of the more important accounting policies adopted are described below.

Basis of accounting

The accounts have been prepared under the historical cost convention.

The financial statements have been presented in Sterling (£000s).

Going concern

After making enquiries, the Board has a reasonable expectation that Hastoe Capital Plc has adequate resources to continue in operational existence for the foreseeable future, being a period of twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

The Board has also considered the longer term viability of the Company. The assessment has taken account of:

- the long term nature of the Company's activity. The Company was set up to hold the long term bond and on-lend within the Group, with repayment in 2042.
- The Group's long term business plan that demonstrates the ability to service the debt.

The directors have made an assessment of Hastoe Housing Association Limited's ability to make interest payments as they fall due. The directors have considered the potential impact of the increase in build cost inflation and supply chain issues. The directors are satisfied that there are no factors or events that may cast doubt on future payments being made.

As a result the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. They therefore continue to adopt the going concern basis of accounting in preparing the financial statements.

Revenue

Revenue comprises interest income receivable from Hastoe Housing Association Limited in relation to the on-lending of finance raised which is recognised on an accruals basis as it falls due.

Interest payable

Interest payable is charged to the profit and loss account on an accrual basis.

Financial instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historic cost model.

All financial instruments of the Company meet the criteria of basic financial instruments and are accounted for at amortised historic cost.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

2. Accounting policies (continued)

Debtors

Debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any impairment losses.

Financial assets not carried at fair value through profit or loss are assessed at each reporting date to determine whether there is objective evidence that they are impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

Creditors

Creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method.

Cash at bank and in hand

Cash at bank and in hand comprise cash balances and call deposits.

Taxation

The charge for taxation is based on the profit or loss for the financial year, taking into account differences between certain items for taxation and accounting purposes. Deferred taxation is accounted for to the extent that a liability or asset is expected to be payable or recoverable in the foreseeable future.

Bond issuing costs

All the Company's costs, including the bond issue costs, related to providing funding services are billed to Hastoe Housing Association Limited.

Significant management judgements

In assessing the recoverability of the intercompany loan the Board has gained assurance from the long term financial plan of the Group that the parent company is able to service and repay the loan facility.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

3. Revenue

	2022	2021
	£000	£000
Income from parent company	8,053	8,044

All of the income relates to the on-lending of the finance raised via the Bond.

4. Profit on ordinary activities before taxation

Auditor's remuneration is expensed in the accounts of Hastoe Housing Association Limited and no audit or non-audit fees are charged to Hastoe Capital Plc. Auditors' remuneration consists of £10,000 for audit services (2021: £9,100). No non audit services were provided during the year (2021: £nil).

5. Director's emoluments

The directors do not receive any remuneration for their duties as directors of the company (2021: £nil). There are no staff employed by the company and hence no staff costs (2021: £nil).

6. Taxation

No tax is payable by the company as it does not generate a profit.

7. Interest payable and similar charges

	2022 £000	2021 £000
Interest on bond	8,053	8,044

8. Debtors

	2022 £000	2021 £000
Due within one year		
Prepayments and accrued income	138	115
Due in more than one year		
Amounts owed by parent undertakings	161,269	161,638

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

9. Creditors: amounts falling due within one year

	2022 £000	2021 £000
Interest payable and similar charges	139	115

10. Creditors: amounts falling due after more than one year

	2022 £000	2021 £000
Fixed rate bond	150,000	150,000
Premium on bond issue	11,231	11,601
	161,231	161,601
Loans are repayable, otherwise by instalments:		
Fixed rate bond	150,000	150,000

Loans consist of a £150 million bond with a fixed interest rate of 5.6% for the full term. The bond matures on 27 March 2042 when it is repayable in full.

Financial risk management

Risk management objectives and policies
Hastoe Housing Association Limited's treasury function is responsible for the management of funds and control of associated risks. Its activities are governed by the Hastoe Housing Association Limited Group Board who are responsible for treasury issues in all the Group's legal entities. The treasury function does not operate as a profit centre.

Interest rate risk / hedging
The Company currently borrows funds on a fixed rate basis from the capital markets and then on-lends these funds to Hastoe Housing Association Limited on a similar fixed rate basis. As such, the Company does not bear any interest rate risk, apart from the underlying credit risk to Hastoe Housing Association Limited, which is discussed below. The Company does not undertake any hedging activities and it does not have any derivatives.

Credit risk
As the Company on-lends to Hastoe Housing Association Limited, the main risk facing Hastoe Capital Plc is that Hastoe Housing Association Limited will be unable to make its interest or principal payments when they fall due. This risk is mitigated in a number of ways:

- The on-lent funding to Hastoe Housing Association Limited is under a secured loan agreement, which is backed by housing assets of Hastoe Housing Association Limited. If there are any payments that are not made, then Hastoe Capital Plc has the right to enforce the security under the loan.
- The Company is not obliged to source funding from the capital markets for on-lending to Hastoe Housing Association Limited, unless it satisfies itself of Hastoe Housing Association Limited's credit worthiness.
- Hastoe Housing Association Limited benefits from 'A3' credit rating from Moody's Investor Services.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2022 (CONTINUED)

11. Share capital

	2022 £	2021 £
Called up share capital		
Shares at £1 each		
At 1 April and 31 March	50,000	50,000

At the 31 March 2022 and 31 March 2021 £12,500 of issued share capital was paid up.

12. Reconciliation of net cash flow to movement in net debt

	2022 £000	2021 £000
Cash movement	-	-
Amortisation of premium on bond issue	370	356
Net debt at 1 April	(161,588)	(161,944)
Net debt at 31 March	(161,218)	(161,588)

13. Ultimate parent company and controlling party

At 31 March 2022, the ultimate and immediate parent company and controlling party is Hastoe Housing Association Limited, a company registered in Great Britain under the Co-operative and Community Benefit Societies Act 2014. Hastoe Housing Association Limited represents the smallest and largest group that is consolidated. Copies of the accounts of that company may be obtained from 17 Marina Place, Hampton Wick, Kingston upon Thames, Surrey KT1 4BH.

14. Related party transactions

At 31 March 2022, Hastoe Housing Association Limited owed Hastoe Capital Plc £161,269,000 (2021: £161,638,000) repayable in full in March 2042. During the year Hastoe Capital Plc charged £8,053,000 for interest on loans (2021: £8,044,000). Interest charges match funding costs.

15. Post Balance Sheet Events

There are no material post balance sheet events

Verification

Transaction 09222115557474852470

Document

Hastoe Capital plc financial statements 2021-22 FINAL Audit Fee Correction Unsigned
Main document
24 pages
Initiated on 2022-08-10 11:52:25 CEST (+0200) by Morgan Thomas (MT)
Finalised on 2022-08-10 14:01:19 CEST (+0200)

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Verification

Transaction 09222115557474852470

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