Company's Registered Number: 07977629

HASTOE CAPITAL PLC

Report and Financial Statements
Year ended 31 March 2024

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DIRECTORS AND ADVISORS

Directors	Ashley Horsey (appointed as chair and director on 22 January 2024) Robert Rutledge (resigned as chair and director on 21 January 2024) 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 1 Churchill Place London E14 5HP
Auditors	Beever and Struthers The Colmore Building 20 Colmore Circus Queensway Birmingham B4 6AT
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 2024.

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 (2023: £nil). A gift aid payment was made to Hastoe Housing Association of £759 out of the profits for 2023/24, post year end.

Dividends

The directors do not recommend the payment of a dividend (2023: £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).

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 2024 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 increased costs related to building safety regulation and addressing damp & mould. 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 Beevers and Struthers 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.

Ashley Horsey
Director
16 July 2024

STRATEGIC REPORT

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

Business Review

The profit and loss account shows a profit of £1,000 for the year (2023: £nil). The Company's role as a special purpose lending vehicle that does not seek to generate financial returns. Interest was received on cash held by the Company.

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 2024.

Board decision	Consideration
The HHA Board considers the interests of its stakeholders when setting its business strategy.	A robust strategy is the foundation for maintaining the trust of all our external stakeholders for HHA and the wider Hastoe Group.
Review of HHA's business plan and cash flow forecasts, including consideration of the potential impacts of high inflation and supply chain issues.	The Hastoe Capital 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 information.

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

Ashley Horsey
Director
16 July 2024

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, Beevers and Struthers, were appointed on 8 December 2023. The fees charged by Beevers and Struthers for the financial year to 31 March 2024 were £11,000. Beevers and Struthers 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 Beevers and Struthers. The Committee is satisfied that the Company has adequate policies and safeguards in place to ensure Beevers and Struthers 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

John Bruton
Chair of the Audit & Risk Committee
16 July 2024

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.

Ashley Horsey

Ashley Horsey
Director
16 July 2024

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

Opinion

We have audited the financial statements of Hastoe Capital plc "the company" for the year ended 31 March 2024 which comprise the Profit and Loss Account, the Statement of Changes in Equity, Balance Sheet, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies in note 2. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2024 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 a sufficient and appropriate basis for our opinion. Our audit opinion is consistent with our report to the Audit and Risk Committee.

We were appointed as auditor of Hastoe Housing Association Limited (of which the company is a subsidiary) by the directors on 8 December 2023. We have fulfilled our ethical responsibilities under, and we remain independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board's 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 entity's ability to continue to adopt the going concern basis of accounting is set out on in our key audit matter on page 11.

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 Board with respect to going concern are described in the relevant sections of this report.

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

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) 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. We summarise below the key audit matter in arriving at our audit opinion above, together with our key audit procedures to address this matter and, as required for public interest entities, our results from those procedures. This matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on this matter.

Recoverability of Long Term Debtors

Long Term Debtors (amounts falling due in more than one year) £160.5 (2022: £160.9m). Refer to pages 20 - 21 (accounting policies) and page 22 (financial disclosures).

The risk – significant risk high value

The company's primary activity is to issue bonds, source investor financing and on-lend to Group entities. It therefore has long term liabilities which relate to the bonds issued and long-term intercompany debtors which relate to the loans provided to group members (as at 31 March 2024 this was to Hastoe Housing Association Limited only).

The carrying amount of the long-term intercompany debtor balance represents 99.9% of the company's total assets. Due to its materiality in the context of the company financial statements, this is considered to be the area that had the greatest effect on our overall audit approach and is therefore a key audit matter.

Our response

Our procedures included:

- **Assessment of recoverability**: Assessing 100% of intercompany long term debtors owed by the parent to identify, with reference to the parent's financial balance sheet, whether they have a positive net asset value and sufficient headroom to cover the debt owed, and that future cash flow plans include repayment of the debt. We have reviewed Hastoe Housing Association Limited's internal assessment of going concern, and management information relating to actual and forecast financial performance after the year end. We have reviewed the Group's long term financial plans and the stress testing of those plans. We have considered the potential impact of these matters on the Group's financial viability into the foreseeable future, and on its status as a going concern.
- **Test of detail**: Assessing the creditor recognised by the parent and comparing it to the debtor recognised by the company.
- **Test of detail**: Agreeing interest receipts and payments, and capital repayments, between the accounting records of the company and Hastoe Housing Association Limited, and payments to the bondholder.
- **Test of detail:** Agreeing the total bond nominal balance to the London Stock Exchange.
- **Confirmation of value**: Agreeing the bond proceeds to the bond issue documentation.

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

Our results

Based on the audit work performed, we are satisfied that there are no matters which cause material uncertainty in the ability of Hastoe Housing Association Limited to repay its debt to the company and we are satisfied with the assessment of the company’s directors that the company remains a going concern.

Our Application of Materiality and an Overview of the Scope of the Audit

Hastoe Capital plc is part of a Group headed by Hastoe Housing Association Limited.

The materiality for the audit of the company for the year ended 31 March 2024 was £140,018 determined with a benchmark of 1.75% of turnover.

We consider turnover to be the most appropriate benchmark, as this links to the most significant year end balances and is more relevant than a turnover or result based calculation, given the company makes neither a profit nor a loss.

We set performance materiality at an amount less than materiality to reduce the probability that the aggregate of uncorrected misstatements exceeds materiality for the financial statements as a whole. We used 75% as the performance materiality threshold, being £105,013.

We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £7,001, in addition to other identified misstatements that warranted reporting on qualitative grounds.

Other information

The other information comprises the information included in the Strategic Report and Report of the Directors, other than the financial statements and our auditor’s report thereon. The directors are responsible for the other information. 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.

In connection with our audit of the financial statements 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. 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.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and

- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

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

Matters on which we are required to report by exception

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 Report of the Directors.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements 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 Directors’ Responsibilities set out on page 5, 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.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council’s web-site at www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor’s report.

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the Company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Companies Act 2006 and tax legislation.

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

Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.

- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the Company's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

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.

Beever and Struthers

Lee Cartwright LLB ACA (Senior Statutory Auditor)
For and on behalf of
BEEVER AND STRUTHERS
The Colmore Building
20 Colmore Circus Queensway
Birmingham
B4 6AT

Date: 09 August 2024

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2024

	Notes	2024 £'000	2023 £'000
Revenue	3	8,001	8,016
Operating expenditure		-	-
Operating profit		**8,001**	**8,016**
Interest and financing costs	7	(8,001)	(8,016)
Interest receivable	8	1	-
Profit before taxation	4	**1**	**-**
Taxation	6	-	-
Profit and total comprehensive income for the year		**1**	**-**

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 2024

	Called up share capital £'000	Profit & loss account £'000	Total equity £'000
At 1 April 2022	50	-	50
Result for the year	-	-	-
At 31 March 2023	50	-	50
Result for the year	-	1	1
At 31 March 2024	**50**	**1**	**51**

BALANCE SHEET AS AT 31 MARCH 2024

	Notes	2024 £'000	2023 £'000
Current assets			
Debtors	9	160,624	161,023
Cash and cash equivalents		14	13
		160,638	161,036
Creditors: amounts falling due within one year	10	(138)	(138)
Net current assets		160,500	160,898
Total assets less current liabilities		160,500	160,898
Creditors: amounts falling due after more than one year	11	(160,449)	(160,848)
Net assets		**51**	**50**
Capital and reserves			
Share capital	12	50	50
Profit & loss reserve		1	-
Total reserves		**51**	**50**

The accounts were approved and authorised for issue by the Board of Directors on 16 July 2024 and were signed on its behalf by:

Ashley Horsey
Director

William Roberts
Director

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2024

	2024	2023
	£'000	£'000
Cashflows from operating activities		
Operating profit	8,001	8,016
Net cash from operating activities	**8,001**	**8,016**
Cashflow from investing activities		
Interest received	1	-
Net cash from investing activities	**1**	**-**
Cashflow from financing activities		
Interest paid	(8,001)	(8,016)
Net cash from financing activities	**(8,001)**	**(8,016)**
Net change in cash and cash equivalents	1	-
Cash and cash equivalents at start of year	13	13
Cash and cash equivalents at end of year	14	13

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024

1. Legal status

The Company is incorporated in England and Wales under the Companies Act 2006 as 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.

The principle aim of the Company is to serve as a funding vehicle for its parent company, Hastoe Housing Association Ltd.

2. Accounting policies

The accounts have been prepared in accordance with applicable accounting standards in the United Kingdom including Financial Reporting Standard 102 (FRS 102) and the requirements of the Companies Act 2006, under the historical cost convention. 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 preparation

The financial statements are prepared in accordance with applicable accounting standards and under the historical cost accounting rules. The presentation currency of these financial statements is sterling.

All amounts in the financial statements have been rounded to the nearest £1,000.

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.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

2. Accounting policies (continued)

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 cost model. The Company has no non-basic financial instruments.

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.

Estimation uncertainty
There are no estimates and assumptions that are deemed to have a significant effect on recognition and measurement of assets, liabilities, income and expenses.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

3. Revenue

	2024	2023
	£000	£000
Income from parent company	8,001	8,016

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 £11,000 (excluding VAT) for audit services (2023: £14,000). No non audit services were provided during the year (2023: £nil).

5. Director's emoluments

The directors do not receive any remuneration for their duties as directors of the company (2023: £nil). There are no staff employed by the company and hence no staff costs (2023: £nil).

6. Taxation

	2024	2023
	£000	£000
Current Tax		
Current tax on income for the period	-	-

Reconciliation of tax recognised in income and expenditure	2024	2023
	£000	£000
Profit on ordinary activities before taxation	1	-
Corporation tax charged at 25% (2023: 19%)	1	-
Effects of		
Tax credit on gift aid payment	(1)	-
Current tax charge for the period	-	-

7. Interest payable and similar charges

	2024	2023
	£000	£000
Interest on bond	8,001	8,016

8. Interest receivable

	2024	2023
	£000	£000
Interest receivable	1	-

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

9. Debtors

	2024 £000	2023 £000
Due within one year		
Prepayments and accrued income	138	138
Due in more than one year		
Amounts owed by parent undertakings	160,486	160,885
	160,624	161,023

10. Creditors: amounts falling due within one year

	2024 £000	2023 £000
Interest payable and similar charges	138	138

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

	2024 £000	2023 £000
Fixed rate bond	150,000	150,000
Premium on bond issue	10,449	10,848
	160,449	160,848
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:

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2024 (CONTINUED)

12. Creditors: amounts falling due after more than one year (continued)

- 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.

13. Share capital

	2024	**2023**
	£	**£**
Called up share capital		
Shares at £1 each		
At 1 April and 31 March	50,000	50,000

At the 31 March 2024 and 31 March 2023 £12,500 of issued share capital was paid up.

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

	2024	**2023**
	£000	**£000**
Cash movement	1	-
Amortisation of premium on bond issue	398	370
Net debt at 1 April	(160,848)	(161,218)
Net debt at 31 March	(160,449)	(160,848)

15. Ultimate parent company and controlling party

At 31 March 2024, the ultimate and immediate parent company and controlling party is Hastoe Housing Association Limited, a company registered in England and Wales 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.

16. Related party transactions

At 31 March 2024, Hastoe Housing Association Limited owed Hastoe Capital Plc £160,487,000 (2023: £160,885,000) repayable in full in March 2042. During the year Hastoe Capital Plc charged £8,001,000 for interest on loans (2023: £8,016,000). Interest charges match funding costs.

17. Events after the end of the reporting period

There are no material events after the end of the reporting period to report.