



Libra (Longhurst Group) Treasury plc

Annual Report and Financial Statements

For the year ended 31 March 2024

Registered Company no: 08077172

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Corporate Information

The Chair of the Board	Clive Barnett
The Board of Directors	Angie Morris Chris Tyson Damien Régent Rob Griffiths Tony Oakley (cooptee – appointed 1 October 2023)
Company Secretary	Rob Griffiths
Registered Office	Leverett House Gilbert Drive Endeavour Park Boston PE21 7TQ
External Auditor	Beever and Struthers One Express 1 George Leigh Street Manchester M4 5DL
Bankers	Lloyds Bank Plc 25 Gresham Street London EC2V 7HN
Solicitors	Winckworth Sherwood LLP Arbor 255 Blackfriars Rd London SE1 9AX

Strategic Report

The Directors are pleased to present the strategic report for the year ended 31 March 2024.

Principal activities

Libra (Longhurst Group) Treasury plc was incorporated on 21 May 2012 and commenced trading on 19 July 2012. The Company's principal activity is to raise private finance for Longhurst Group and its subsidiaries.

Review of the business

The principal activity of Libra (Longhurst Group) Treasury plc ('the Company') is to provide finance to support the development programme of Longhurst Group Ltd. All proceeds received from capital market transactions are immediately on-lent by the Company to Longhurst Group, and bank facilities to Longhurst Group or a subsidiary of Longhurst Group being Keystone Developments (LG) Ltd.

On 19 July 2012, the Company issued a listed bond for £225m at an all-in rate of 5.248% and a 2038 maturity. At the same time the bond was issued, loan facilities were agreed with Lloyds Banking Group and Barclays Bank and later in the same financial year, a further loan facility was agreed and completed with the Royal Bank of Scotland. The proceeds from the Bond issue and restructured bank facilities were subsequently on-lent to Longhurst & Havelok Homes Ltd and Spire Homes (LG) Ltd, each then a subsidiary of Longhurst Group as original borrowers.

On 22 July 2014, the Company held an auction for the sale of the £25m reserve bonds held over from the bond issue in July 2012. The sale of the reserve bonds was successfully completed at an all-in rate of 4.365%, also with a 2038 maturity. The 2038 bond issues held within Libra (Longhurst Group) Treasury plc total £250m.

Longhurst Group Limited converted from a Company Limited by Guarantee to a Community Benefit Society Reg. No. 8009 on 25 January 2019.

On 1 July 2019, each of Longhurst & Havelok Homes Ltd, Spire Homes (LG) Ltd, Axiom Housing Association Limited and Friendship Care and Housing Limited, transferred the whole of their stock, property, assets, liabilities and all engagements (as provided for in section 110 of the Co-operative and Community Benefit Societies Act 2014) to Longhurst Group Limited (FCA registration number 8009), therefore, the obligations of the original borrowers have been transferred to Longhurst Group Limited.

The bond and bank loan facilities are secured by specific charges to the borrower's housing properties with M&G Trustee Company Limited acting as Security Trustee for each beneficiary.

Two of the revolving credit facilities have been renewed and extended in 2022 and 2023, including an additional £25m of sustainability-linked funding. Another £100m sustainability-linked revolving credit facility was restated in June 2024, ahead of its July 2024 maturity. A covenant carve out has been agreed for all revolving credit facilities for energy performance improvement works relating to the Social Housing Decarbonisation Fund.

The Company's revenue for the year ended 31 March 2024 comprised of interest received from Group companies. Operating costs incurred by the Company were primarily in respect of interest payments made on the bond and bank debt.

Covenants are measured on the financial performance of the borrowers, under each loan agreement, on a Group consolidated basis, as defined within the individual loan agreements. These include interest cover, gearing and asset cover.

The Company's activities are limited to the raising of private finance for Longhurst Group and its subsidiaries. The Company does not employ any staff, with all administration functions undertaken by Longhurst Group.

Strategic Report (continued)

As a result, there is no significant information to report regarding environmental matters, employees or social and community issues.

Political donations

The Company made no political donations during the year.

Future developments

The Company was set up as a funding vehicle to secure and manage future funding requirements for Longhurst Group and its subsidiaries. It is anticipated that the Company will continue to be part of the Group's medium to long term funding strategy.

Principal risks and uncertainties

The key risks facing the Company are entirely dependent on the trading position of Longhurst Group and its members, and the Group's ability to repay the long term debt.

As published by Moody's on 15 January 2024, Longhurst Group's A3 stable rating is reflective of its moderate risk appetite and good performance on social housing operations, but reduced operating margin and interest cover metrics due to repairs challenges and inflationary cost increases. Longhurst Group benefits from strong regulatory framework governing English housing associations and Moody's assessment of a strong likelihood that the government (Aa3 stable) would intervene in the event that the issuer faced acute liquidity stress.

Libra holds floating rate loans which expose the Company and the wider Longhurst Group to interest rate risk. To mitigate against interest rate risk, the Company uses a mix of interest rate swaps and fixed rate loans. The interest rate swaps are measured at fair value at each reporting date. At the 31 March 2024, standalone interest rate swaps with a notional value of £52.5m were fully designated against £69.8m of existing floating debt within the Company, the interest rate hedging is therefore fully effective at both Company and Group level.

To the extent the hedge is effective, movements in fair value, other than adjustments for our own or counterparty credit risk, are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any movements in fair value relating to ineffectiveness and adjustments for our own or counterparty credit risk are recognised in income and expenditure.

Libra (Longhurst Group) Treasury plc is an integral part of the Longhurst Group structure and funding strategy, the effectiveness and cashflow demands of the interest rate swaps held within the Company are monitored at Group level. The interest rate mechanism ensures all interest costs are met as they fall due. Longhurst Group has a long-term business plan which shows that it is able to service these debt facilities and interest rate swaps, whilst continuing to comply with lenders' covenants, and the Directors have a reasonable expectation that these will be funded by Longhurst Group over the going concern period.

Summary of key performance indicators

The Board of Directors (the Board) monitors the progress of the overall strategy and the individual strategic elements by reference to key performance indicators.

Loan covenants are measured on the financial performance of the borrowers, under each loan agreement, on a Group consolidated basis, as defined within the individual loan agreements. These include interest cover, gearing and asset cover. At the 31 March 2024, all loan covenants were, and continue to be, compliant.

The Board monitors that the Company fulfils its obligations under the bond trust deeds which in turn ensures it is compliant with the listing rules, its commitments to bond investors and its obligations under the bond loan agreements.

Strategic Report (continued)

The Company is primarily a conduit for accessing the debt capital markets and bank debt. Therefore, the Board monitors the availability of cashflows to and from Longhurst as the financial key performance indicators. During the financial year all cash flows were readily available to and from Longhurst and therefore showed favourable performance against this objective.

The Board monitors the existing property security and on-going availability of security to service future borrowing. During the financial year encumbered property security meets the relevant asset cover ratios. Sufficient unencumbered properties are available to service future debt requirements.

Section 172 statement

The Company was formed for the sole purpose of raising debt finance for Longhurst Group and its subsidiaries. It is a wholly owned subsidiary and does not have any employees. In discharging their duties, the Directors have considered the impact of the Company's operations on the environment and the wider community. The Company's approach to working with key stakeholders and the community is consistent with those of the wider Longhurst Group. Given the purpose of the Company the relevant stakeholder groups are therefore the investors in the listed debt and the parent group.

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 Board considered and agreed the long-term treasury strategy for the sole customer, Longhurst Group.	The need to put in place long-term business plans. This impacts all stakeholders, as a robust strategy is the foundation for maintaining the trust of external stakeholders.
The Board reviews the security position of Longhurst Group and cashflows at each meeting.	The Board has ensured that sufficient liquidity and security has been maintained throughout the year.
Review of the Longhurst Group business plan and cash flow forecasts.	The Board have monitored the operating surplus and cash flow forecasts of Longhurst Group and performance against the business plan and covenants.
Engaging with investors.	Meetings are held with investors on an on-going basis, the last investor meetings took place in November 2023. Regulatory News Service updates are published when required.

Signed on behalf of the Directors



Rob Griffiths
Director
22 August 2024

Directors' Report

The Directors are pleased to present their report and the financial statements of the Company for the year ended 31 March 2024.

Results

The total comprehensive income for the year after taxation was £1,574k (2023: £8,371k).

Dividends

There were no dividends paid or proposed in year 2023/24 (2023: nil).

The Board and its Directors

The Board of Directors and the Directors of the Company are set out on page 2. None of the Directors had interests in the share capital of the Company at 31 March 2024.

The Company is led by the Board. The appointment of the Directors is made pursuant to the Company's Articles of Association adopted on 19 July 2012.

Each Director is of equal standing. Owing to the size and nature of the Company, there is no appointed Chief Executive.

The Board all have considerable experience within the social housing sector, and Longhurst Group, and the Company arrange any separate formal induction and training for new Libra (Longhurst Group) Treasury plc Directors. This arrangement is reviewed on an ongoing basis to consider its appropriateness when new Directors are appointed.

The Directors have the benefit of the Group's Directors' and Officers' indemnity insurance policy.

The Board acknowledges that it is collectively responsible for the success of the Company by providing leadership, setting the Company's strategic aims, ensuring that the necessary financial and human resources are in place and reviewing management performance.

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the 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 the Directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law, 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 and profit or loss of the Company 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 accounting 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;
- prepare the financial statements on the going-concern basis unless it is inappropriate to presume that the Company will continue in business.

Directors' Report (continued)

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company and Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In order to discharge these responsibilities, the Board of Directors meet as required during the year. At these meetings consideration is given to the activities of the Company. Key members of the Group's management team also attend the Board meetings, as appropriate. The table details the number of meetings attended by each Director, of which there were 2 during the year.

Director	Date appointed	Attendance
Clive Barnett	7 March 2018	2
Angie Morris	1 September 2018	2
Chris Tyson	1 January 2021	2
Damien Régent	6 October 2022	2
Rob Griffiths	7 March 2018	2
Tony Oakley	1 October 2023	1

Longhurst Group has a People, Remuneration and Nominations Committee that provides oversight on the appointment and remuneration of Directors and senior executives for the Group including Libra (Longhurst Group) Treasury plc. The Company does not have a separate and dedicated People, Remuneration and Nominations committee as the size and nature of the Company does not warrant a dedicated committee.

The Longhurst Group Board undertakes a formal annual evaluation of its performance. Directors are requested to comment on the operation and effectiveness of any committees, and subsidiary boards (including Libra (Longhurst Group) Treasury plc) of which they are members. The Directors ensure that the Board is structured in such a way that each member of the Board is able to bring different experiences and skills to the operation of the Company and encourages and supports each Director to regularly update and refresh his/her skills and knowledge. The Group People, Remuneration and Nominations Committee review this.

Corporate Governance Statement

Libra (Longhurst Group) Treasury plc has a listed security in issue and complies with the applicable sections of the Disclosure and Transparency Rule ('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 National Housing Federation ("NHF") Code of Governance - Promoting board excellence for housing associations (2020 edition) (the "NHF Code"), which has been adopted and complied with by the Longhurst Group. In fulfilling its obligations under the NHF Code, the Company follows good practice drawn from supporting guidance. A number of the provisions of the NHF Code mirror the equivalent provisions of the UK Corporate Governance Code. The NHF Code is available on the NHF website: www.housing.org.uk.

Directors' Report (continued)

Parental control is exercised by Longhurst Group through powers contained in the rules or (as the case may be) articles of association of each of its subsidiaries and in intra-group agreements ("IGAs") which together enable the Group to appoint all or a majority of board members or to remove all or any board members and to approve business, funding, operational and other financial plans of Longhurst Group and subsidiaries. The IGAs also provide for dispute resolution between the parties, however none of the Group members can leave the Group without the consent of Longhurst Group or notifying the Regulator.

Companies within the Group do not have external shareholders. All companies in the Group (including the Company) comply with equivalent provisions in the NHF Code 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 NHF Code provisions on board and executive pay.

Internal Control and Risk Management Systems

The Board is responsible for the Company's system of risk management and internal control framework and for reviewing their effectiveness. The system of risk management and internal control is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide reasonable and not absolute assurance against material misstatement or loss.

The Group Audit and Risk Committee provides oversight of the Group's system of risk management and internal control on behalf of the Longhurst Board and Longhurst's subsidiary boards and regularly reviews their effectiveness. The Group's arrangements in respect of the system of risk management and internal control cover Libra (Longhurst Group) Treasury plc.

The Company does not have a separate Audit and Risk Committee as the size and complexity of the Company's operations does not warrant a separate committee. For the same reason, the Company does not have dedicated internal auditors, but is supported and advised by the internal audit function for the Group. The internal audit function is outsourced, during the year the provider was KPMG LLP.

Key Strategic Risks

The key risks for the Company relate to its inability to meet its obligations to bondholders and bank lenders and the inability of the Longhurst subsidiaries to meet their obligations to the Company Agreement.

These risks are highlighted in the Strategic Report and details of how they are managed are set out in note 12.

The Audit and Risk Committee and Finance and Treasury Committee as part of their oversight of the Group's funding and financing risks keep the risks under review.

Internal Controls Assurance Statement

The Libra (Longhurst Group) Treasury plc Board acknowledges its ultimate responsibility for ensuring that Libra (Longhurst Group) Treasury plc has in place a system of internal control that is appropriate to the business environment in which it operates. This is designed to manage rather than eliminate the risk of failure to achieve business objectives, and can only provide Libra (Longhurst Group) Treasury plc with reasonable and not absolute assurance against material misstatement or loss.

The processes in place for identifying, evaluating, and managing the significant risks faced by the Company are on-going and have been in place for the full year under review and up to the date of approval of the financial statements.

Directors' Report (continued)

The Group's arrangements in respect of the system of risk management and internal control cover the entire Group, including Libra (Longhurst Group) Treasury plc. Key elements of the Group's system of risk management and internal control throughout the period included:

- approved terms of reference and delegated authorities for the Group Audit and Risk, People, Remuneration and Nominations Committee, Development and Asset Investment Committee, Keystone Board, Finance and Treasury Committee and Libra Boards;
- a review of regulatory compliance arrangements at least twice a year to the Longhurst Board;
- clearly defined management responsibilities for the identification, evaluation and control of significant risks;
- robust strategic and business planning processes, with detailed financial budgets and forecasts;
- formal recruitment, retention, training and development policies for all staff;
- an annual review of compliance with the NHF Code;
- established authorisation and appraisal procedures for significant new initiatives and commitments;
- a detailed Group approach to treasury management;
- regular reporting to the appropriate committee and/or Board on key business objectives, targets and outcomes;
- regular monitoring of loan covenants and requirements for loan facilities; and
- policies and arrangements to reduce the risk of fraud, bribery and money laundering.

The Board has delegated to the Audit and Risk Committee the regular review of the effectiveness of the Group's system of internal control (which includes Libra (Longhurst Group) Treasury plc), whilst maintaining ultimate responsibility for the system of internal control. The Committee carries out the functions required by DTR 7.1.3 R. on behalf of the Board.

The Committee monitors the effectiveness of the Group's internal controls, (including financial, operational and compliance controls), internal audit and risk management in accordance with the requirements of DTR 7.1.3. R. The Committee considers financial and operational reports from management and reports from internal audit, to consider whether significant risks are identified, evaluated, managed and controlled and whether any significant weaknesses are promptly remedied or indicate a need for more extensive monitoring.

The Committee also monitors the financial reporting process and the statutory audit of the Group's annual accounts. The Committee also reviews and monitors the independence of the statutory auditor and considers the relationship with Longhurst and its subsidiaries as part of its assessment.

The Committee reviewed the effectiveness of the system of internal control in existence across the Group (including Libra (Longhurst Group) Treasury plc) for the period under review and up to the date of approval of the financial statements, having regard to the annual review of the effectiveness of the Group system of internal control by the Longhurst Executive Leadership Team and the annual report of the internal auditor, and reported to the Libra (Longhurst Group) Treasury plc Board that it found no significant weaknesses in the system of internal control.

The Board of Longhurst Group and Libra (Longhurst Group) Treasury 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 with suppliers, customers and others; and
- the desirability of the company maintaining a reputation for high standards of business conduct.

Directors' Report (continued)

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.

Going Concern

The support available to the Company from Longhurst Group gives reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future, in addition, the Company and Longhurst Group have a Moody's credit rating of A3 (stable outlook).

The Company has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes across Longhurst Group. The interest rate mechanism ensures that all interest costs are met as they fall due. Longhurst Group has a long-term business plan which shows that it is able to service these debt facilities and interest rate swaps whilst continuing to comply with lenders' covenants. With the Company continuing to be an integral part of the Longhurst Group funding structure and Group Treasury Strategy, the Directors have a reasonable expectation that these will be funded by Longhurst Group over the going concern period. In making this going concern assessment the Board has also taken into account the potential mitigations available to manage any potential negative impact on its cashflows and liquidity position. Having undertaken a detailed review of future plans, liquidity levels, stress testing and risk mitigations, the Board has concluded that there is a reasonable expectation that the Company will continue to be funded by Longhurst Group to continue in operational existence for the next 12 months.

The Company's net current liability position is as expected and is not considered to be a going concern issue. The net liability position is due wholly to the fair value of interest rate swaps.

Accordingly, the Directors consider it appropriate to adopt the going concern basis in preparing the financial statements and have identified no material uncertainties to the Company's ability to do so over a period of at least 12 months from the date of approval of the financial statements.

Statement of disclosure to auditors

Each of the persons who is a Director at the date of approval of this report confirms that:

As far as each Director is aware, there is no relevant audit information for which the auditors are unaware. The Directors have taken all steps they ought to have taken as Directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Strategic report

In accordance with section 414C(11) of the Companies Act 2006 Regulations 2013, the Company has chosen to set out in the company's strategic report information required by schedule 7 of the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008. This includes information that would have been included in the business review and the principal risks and uncertainties.

Signed on behalf of the Directors

A handwritten signature in black ink, appearing to read "R. Griffiths", written over a circular stamp or mark.

Rob Griffiths
Director
22 August 2024

Independent Auditor's Report to the Member of Libra (Longhurst Group) Treasury plc

Opinion

We have audited the financial statements of Libra (Longhurst Group) plc ("the Company") for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, and the 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 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 results 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 by the Directors on 12 December 2023. The period of total uninterrupted engagement is for 1 financial year for the year ended 31 March 2024. 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 included review of the long term business plan, related stress testing and post year end performance.

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.

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.

Independent Auditor's Report to the Member of Libra (Longhurst Group) Treasury plc (continued)

Recoverability of Long Term Debtors

Long Term Debtors (amounts falling due in more than one year) £319.977M. Refer to Note 1 (accounting policy) and Note 8 (financial disclosures).

The risk – significant risk high value

The Company's primary activity is to issue bonds and raise finance, and on-lend to other Group entities. It therefore has long term liabilities which relate to the bonds and loans, and long term intercompany debtors which relate to the loans provided to Group Members.

The carrying amount of the long term intercompany debtor balance represents 97% of the Company's total assets. Its recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the Company financial statements, this is considered to be the area that had the greatest effect on our overall Company audit. Whilst there are small amounts of financial income and financial expense during the loan period, the risk mainly stems from the expectation of the ability of the fellow Group Members to repay the bond and loans at maturity.

Our response

Our procedures included:

- **Assessment of recoverability:** Assessing 100% of intercompany long term debtors by considering the financial viability of the Group, in particular whether the Group has sufficient liquidity to meet interest payments as they fall due, and sufficient longer term cash flows to repay the debt. We have reviewed the Group'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 fellow Group Members and comparing it to the debtor recognised by the Company.
- **Test of detail:** Assessing the balance on-loaned to the fellow Group Members with reference to the bond issue and loan funds.
- **Confirmation of value:** Agreeing the proceeds to the bond issue documentation and lender confirmations.

Our results

Based on the audit work performed, we are satisfied that there are no matters which cause material uncertainty in the ability of the Group to repay its debt to the Company and we are satisfied with the assessment of the Company's directors that the Company is a going concern.

Assessment of Hedge Effectiveness

Other Comprehensive Income movement £1.574M. Refer to Note 1 (accounting policy) and Note 12 (financial disclosures).

The risk – significant management judgement

The Company holds floating rate loans which expose the Company to interest rate risk. Interest rate swaps are used to hedge against this risk. To the extent the hedge is judged to be effective, movements in fair value are recognised in other comprehensive income and presented in a separate cashflow hedge reserve. Any movements in fair value relating to ineffectiveness are recognised in income and expenditure. The assessment of hedge effectiveness is therefore a significant management judgement.

At 31 March 2023, management identified an element of hedge ineffectiveness. At 31 March 2024, management judged the interest rate hedge to be fully effective, meaning that the full movement in fair value of the interest rate swaps of £1.574M has been recognised in Other Comprehensive Income.

Independent Auditor's Report to the Member of Libra (Longhurst Group) Treasury plc (continued)

Our response

Our procedures included:

- **Review of documentation:** Reviewing management's documentation of the hedging relationship, including causes of hedge ineffectiveness.
- **Assessment of management's judgement** Assessing management's judgement in relation to hedge effectiveness against the requirements of FRS 102.
- **Test of detail** Reviewing calculations in respect of hedge effectiveness.
- **Review of financial statement disclosures:** Reviewing financial statements disclosures in respect of the above.

Our results

Based on the audit work performed, we are satisfied that management's judgement in relation to hedge effectiveness was appropriate.

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

The materiality for the audit of the Company for the year ended 31 March 2024 was £1.646M determined with reference to a benchmark of 0.5% of gross assets. We consider gross assets to be the most appropriate benchmark to use. Gross assets represent the carrying value of the bond and loans, which reflects the Company's primary purpose as a treasury vehicle for the Group.

Performance materiality was set at £823K, or 50% of the materiality figure, based on our understanding of the Company and our expectations in relation to misstatements. We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding 5% of materiality, 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 Directors' Report, 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 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 Report of the Directors have been prepared in accordance with applicable legal requirements.

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 Directors' Report.

Independent Auditor's Report to the Member of Libra (Longhurst Group) Treasury plc (continued)

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 pages 6 - 7, 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 website 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.
- We enquired of the Directors and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Directors have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Directors have in place to prevent and detect fraud. We enquired of the Directors 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 reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Directors about actual and potential litigation and claims.

Independent Auditor's Report to the Member of Libra (Longhurst Group) Treasury plc (continued)

- 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 considered 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 member, 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 member 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 member as a body for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink that reads "Beever and Struthers".

Sue Hutchinson FCCA (Senior Statutory Auditor)

For and on behalf of
Beever and Struthers
Statutory Auditor
One Express,
1 George Leigh Street,
Manchester,
M4 5DL

Date: 22 August 2024

Statement of Comprehensive Income

Registered Company no: 08077172

		2024	2023
	Note	£'000	£'000
Revenue	2	18,770	17,190
Operating expenditure	3	<u>(18,770)</u>	<u>(18,801)</u>
Operating profit / (loss)	4	-	(1,611)
Fair Value movement – ineffective interest rate swap hedges	12	<u>-</u>	<u>1,120</u>
Profit / (loss) on ordinary activities before taxation for the year		-	(491)
Tax on profit / (loss) on ordinary activities	7	<u>-</u>	<u>-</u>
Profit / (loss) on ordinary activities after taxation for the year		<u>-</u>	<u>(491)</u>
Other comprehensive Income:			
Cash flow hedge reserve recycled to profit or loss	12	-	1,611
Fair Value movement – effective interest rate swap hedges	12	<u>1,574</u>	<u>7,251</u>
Total comprehensive income for the year:		<u><u>1,574</u></u>	<u><u>8,371</u></u>

All of the activities of the company are classed as continuing.

Statement of Financial Position

Registered Company no: 08077172

	Note	2024 £000	2023 £000
Non current assets			
Debtors: amounts falling due after more than one year	8	319,977	304,356
Current assets			
Debtors: amounts falling due within one year	9	8,639	8,912
Cash and Cash equivalents		694	50
		9,333	8,962
Creditors: amount falling due within one year	10	<u>(9,283)</u>	<u>(8,901)</u>
Net current assets		<u>50</u>	<u>61</u>
Total assets less current liabilities		320,027	304,417
Creditors: amounts falling due after more than one year	11	<u>(322,194)</u>	<u>(308,158)</u>
Net liabilities		<u>(2,167)</u>	<u>(3,741)</u>
Capital and reserves			
Called up share capital	13	50	50
Revenue reserve		3,527	3,527
Cashflow hedge reserve		(5,744)	(7,318)
Capital contribution reserve		-	-
		<u>(2,167)</u>	<u>(3,741)</u>

The financial statements were approved and authorised for issue by the Board of Directors on 22 August 2024 and were signed on its behalf by:



Rob Griffiths
Director
22 August 2024

The notes on pages 19 to 29 form part of these financial statements

Statement of Changes in Equity

Registered Company no: 08077172

	Share capital	Revenue reserve	Cashflow hedge reserve	Capital contribution reserve	Total
	£'000	£'000	£'000	£'000	£'000
Balance at 31 March 2022	50	2,407	(16,180)	-	(13,723)
Loss for the year	-	(491)	-	-	(491)
Cash flow hedge reserve recycled to other comprehensive income (note 12)	-	-	1,611	-	1,611
Fair value movement on financial derivative (note 12)	-	-	7,251	-	7,251
Total comprehensive expenditure for the year	-	(491)	8,862	-	8,371
Capital contribution from parent	-	-	-	1,611	1,611
Realised profit on capital contribution	-	1,611	-	(1,611)	-
Balance at 31 March 2023	50	3,527	(7,318)	-	(3,741)
Total comprehensive expenditure for the year	-	-	1,574	-	1,574
Balance at 31 March 2024	50	3,527	(5,744)	-	(2,167)

Notes to the Financial Statements

LEGAL STATUS

Libra (Longhurst Group) Treasury plc is incorporated in England and Wales and is registered with Companies House under number 08077172. The registered office is Leverett House, Gilbert Drive, Endeavour Park, Boston, Lincolnshire, PE21 7TQ.

1. ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared under the historic cost convention, in accordance with applicable UK accounting standards and in compliance with FRS 102 and are presented in sterling (£) to the nearest thousand.

Disclosure Exemptions

The entity satisfies the criteria of being a qualifying entity as defined in FRS 102 and, as such, the Company has adopted the following disclosure exemptions:

- preparation of a cash flow statement;
- disclosure of related party transactions with and between wholly owned subsidiaries; and
- disclosures relating to financial instruments, income, expenses, gains and losses, exposure to and management of financial risks.

Going Concern

The Company has in place long-term debt facilities which provide adequate resources to finance committed reinvestment and development programmes across Longhurst Group. The interest rate mechanism ensures that all interest costs are met as they fall due. Longhurst Group has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants. In making this assessment the Board has also taken into account the potential mitigations available to manage any potential negative impact on its cashflows and liquidity position. Having undertaken a detailed review of future plans, liquidity levels, stress testing and risk mitigations, the Board has concluded that there is a reasonable expectation that the Company will continue to be funded by Longhurst Group to continue in operational existence for the next 12 months and beyond.

Accordingly, the Directors consider it appropriate to adopt the going concern basis in preparing the financial statements and have identified no material uncertainties to the Company's ability to do so over a period of at least 12 months from the date of approval of the financial statements.

Revenue

Revenue represents interest receivable on facilities lent to members of Longhurst Group, fees relating to the cost of raising finance and bond and bank issue costs. All revenue arose on activities undertaken in the UK.

Financial Instruments

Financial assets and financial liabilities are measured at transaction price initially, plus, in the case of a financial asset or financial liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

At the end of each reporting period, financial instruments are measured as follows, without any deduction for transaction costs the entity may incur on sale or other disposal:

- Debt instruments that meet the conditions in paragraph 11.8(b) of FRS 102 are measured at amortised cost using the effective interest method, except where the arrangement constitutes a financing transaction. In this case the debt instrument is measured at the present value of the future payments discounted at a market rate of interest for a similar debt.

Notes to the Financial Statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

- Commitments to receive or make a loan to another entity which meet the conditions in para 11.8(c) of FRS 102 are measured at cost less impairment.

Financial instruments held by the Company are classified as follows:

- Financial assets such as cash, current asset investments and receivables are classified as basic financial instruments and held at amortised cost using the effective interest method.
- Financial liabilities such as bonds and loans are held at amortised cost using the effective interest method.
- Loans to or from subsidiaries including those that are due on demand are held at amortised cost using the effective interest method.
- Commitments to receive or make a loan to another entity which meet the conditions above are held at cost less impairment.
- Derivatives such as interest rate swaps are classified as financial assets or financial liabilities at fair value.

Financial assets and financial liabilities at fair value are classified using the following fair value hierarchy:

- The best evidence of fair value is a quoted price in an active market.
- When quoted prices are unavailable, the price of a recent transaction for an identical asset, adjusted to reflect any circumstances specific to the sale, such as a distress sale, if appropriate.
- Where there is no active market or recent transactions then a valuation technique is used to estimate what the transaction price would have been on the measurement date in an arm's length exchange motivated by normal business considerations.

Derivative instruments and hedge accounting

The Company holds floating rate loans which expose the Company to interest rate risk, interest rate swaps are used to mitigate against this risk. These instruments are measured at fair value at each reporting date. They are carried as assets when the fair value is positive and as liabilities when the value is negative.

To the extent the hedge is effective movements in fair value adjustments, other than adjustments for own or counter party credit risk, are recognised in other comprehensive income and presented in a separate cashflow hedge reserve. Any movements in fair value relating to ineffectiveness and adjustments for our own counter party credit risk are recognised in income and expenditure.

Two of the standalone swaps matured during the year to the combined value of £9m. The total principal amount is now £52.5m.

Capital contribution reserve

Contractual cash flows arising on the interest rate swaps are paid by Libra (Longhurst Group) Treasury plc to the relevant counterparties throughout the year. Longhurst Group Limited pays Libra (Longhurst Group) Treasury plc to cover the costs of these payments, however is under no contractual obligation to do so.

These annual payments are considered to be a capital contribution from the parent company and therefore are recognised in a separate capital contribution reserve.

Impairment of Financial Assets

Financial assets are assessed at each reporting date to determine whether there is any objective evidence that a financial asset or group of financial assets is impaired. Impairment and impairment losses are incurred if, and only if, there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a loss event), and this loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably measured.

Losses expected as a result of future events, no matter how likely, are not recognised. If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate.

Notes to the Financial Statements (continued)

1. ACCOUNTING POLICIES (CONTINUED)

The carrying amount of the financial asset is either reduced directly or through the use of an allowance account, the amount of the loss is recognised in the profit and loss account. If, in a subsequent period the amount of the impairment loss decreases due to an event occurring after the impairment was recognised, the amount can be reversed in the profit and loss account.

Taxation

The charge for taxation is based on the profit for the period and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

In accordance with FRS 102, deferred tax is provided where a taxation liability will arise as a result of transactions or events which have occurred by the balance sheet date. Deferred tax assets are recognised to the extent that it is regarded that they will be recovered. Provision is made at rates expected to be applicable when the liabilities or assets are likely to crystallise.

Segmental Information

The Company has one class of business from which it derives its income, being to provide funding to other Group asset owning subsidiaries. All interest income, expenditure and net assets are derived from UK operations.

Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, judgements have been made in respect of the following:

Calculation of the fair value of loans

Loans and bonds are stated in the statement of financial position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised.

Valuation of interest rate swap derivatives

The interest rate swap derivatives are measured at fair value at each reporting date and are carried within debtors when the fair value is positive and creditors when the fair value is negative. Management use a third-party valuation to minimise the risk of uncertainty in valuation.

Assessment of hedge ineffectiveness

Hedge effectiveness is assessed against the full derivative and loan portfolio, where swaps are designated against existing loans with floating interest rates, at both Group and Company level.

To the extent the hedge is effective movements in fair value adjustments, other than adjustments for own or counter party credit risk, are recognised in other comprehensive income and presented in a separate cash flow hedge reserve. Any movements in fair value relating to ineffectiveness and adjustments for our own or counterparty credit risk are recognised in income and expenditure.

Going concern

Going concern is assessed at both Group and Company level. Sufficient, appropriate information is provided to Board to enable them to consider the ability of each entity to continue as a going concern for the foreseeable future. Judgement is exercised in assessing the existence of any material uncertainties, of which none were identified.

2. REVENUE	2024 £'000	2023 £'000
Interest receivable and other fees:		
On external bonds, loans and borrowings	18,555	17,190
On interest rate swap derivatives	215	-
	<u>18,770</u>	<u>17,190</u>

Notes to the Financial Statements (continued)

3. OPERATING EXPENDITURE	2024	2023
	£'000	£'000
Interest payable and other fees:		
On external bonds, loans and borrowings	18,555	17,190
On interest rate swap derivatives	-	1,611
Management fee	215	-
	<u>18,770</u>	<u>18,801</u>

4. OPERATING PROFIT

Auditor's remuneration is paid by Longhurst Group Limited at no charge to the Company.

5. EMPLOYEE NUMBERS AND COSTS

The Company had no employees during the period. Administration services were provided by Longhurst Group Limited at no charge to the Company.

6. DIRECTOR'S EMOLUMENTS

The Directors did not receive emoluments for their duties as Directors of the Company.

7. TAXATION	2024	2023
	£'000	£'000
UK corporation tax		
Current tax on profit / (loss) for the year	-	-
Adjustment in respect of previous periods	-	-
	<u>-</u>	<u>-</u>
Deferred tax	-	-
Tax on profit / (loss) on ordinary activities	<u>-</u>	<u>-</u>

The tax assessed for the year differs to the standard rate of corporation tax in the UK applied to loss before tax. The differences are explained below:

	2024	2023
	£'000	£'000
Profit / (loss) on ordinary activities before tax	-	(491)
Profit / (loss) on ordinary activities at the standard rate of corporation tax in the UK of 25% (2023: 19%)	-	(93)
Tax losses (utilised)/carried forward but not recognised as a deferred tax asset	-	93
Total tax charge for period	<u>-</u>	<u>-</u>

The aggregate current and deferred tax relating to items recognised in other comprehensive income is a charge of nil (2023: nil).

8. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	2024	2023
	£'000	£'000
Loans to group undertakings (note 12)	<u>319,977</u>	<u>304,356</u>
9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2024	2023
	£'000	£'000
Amounts owed by group undertakings	<u>8,639</u>	<u>8,912</u>

Notes to the Financial Statements (continued)

	2024 £'000	2023 £'000
10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Bond discount	(133)	-
Bond premium	103	-
Bond issue costs	(80)	-
	<u>(110)</u>	<u>-</u>
Bank - loans repayable (note 12)	2,700	2,372
Bank issue costs	(409)	-
	<u>2,291</u>	<u>2,372</u>
Amounts owed to group undertakings	4,254	4,242
Loan interest and funding costs (note 12)	2,094	2,254
Trade creditors	754	17
Derivative financial instruments (note 12)	-	16
	<u>9,283</u>	<u>8,901</u>
11. CREDITORS: AMOUNTS DUE AFTER ONE YEAR		
Bond repayable	250,000	250,000
Bond discount	(2,631)	(2,912)
Bond premium	1,908	2,155
Bond issue costs	(1,069)	(1,211)
	<u>248,208</u>	<u>248,032</u>
Bank - loans repayable (note 12)	75,300	60,700
Bank issue costs	(3,531)	(4,350)
	<u>71,769</u>	<u>56,350</u>
	<u>319,977</u>	<u>304,382</u>
Derivative financial instruments (note 12)	2,217	3,776
	<u>322,194</u>	<u>308,158</u>
Repayment of loans falling due as follows:		
Within one year	2,670	2,381
Between one and two years	217	32,271
Between two and five years	45,636	7,445
After five years	278,726	274,009
	<u>327,249</u>	<u>316,106</u>
Loan issue costs	(5,089)	(5,560)
	<u>322,160</u>	<u>310,546</u>

Notes to the Financial Statements (continued)

12. FINANCIAL INSTRUMENTS

Risk Management

The Treasury function is responsible for ensuring that member companies have sufficient cash to meet on-going capital and revenue commitments and to protect the Group against adverse movements in interest rates.

The risks faced by this Company are discussed in the Strategic Report.

Financial Assets and Financial Liabilities at Book Value and Fair Value

With the exception of the bond stock, the book value of all financial assets and financial liabilities is deemed to equal fair value. At 31 March 2024 the fair value of the £250m bond stock was £246.8m (2023: £254.1m).

The fair value of the bond stock is based on market value at 31 March 2024. The terms of the 2038 bond are fixed and it is intended that the 2038 bond will be in place until maturity.

Interest Rate Risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company is counterparty to swaps to mitigate risk in both the Company and other Longhurst Group loans for which the Company is not loans manager. At 31 March 2024, the Company had a negative standalone interest rate swap exposure of £2.2m (2023: £3.8m), based on £52.5m (2023: £61.5m) of notional paying fixed rate and receiving three-month SONIA.

The Company's hedging activity is within the Treasury Policy's agreed parameters, with a total of 95 percent fixed through a combination of embedded fixed rates and standalone derivatives. The ratio of fixed rate debt has reduced during the year because of a reduction in the notional value of standalone derivatives and resultant increased variable debt, along with revolving facility drawings.

The precise proportion of fixed (rate is fixed for 12 months or more) rate borrowings will be set each year when the Board agrees the Group's annual Treasury Strategy. It will be determined by an analysis of how sensitive the Group's cashflow forecast is to fluctuations in prevailing-market interest rates, but subject always to the Group having at least 70% of its net position subject to fixed rates of interest, on a rolling five-year average basis. The Group will also ensure that no more than 100% of its net exposure is fixed at any time.

Any fluctuations in interest rates are fully borne by each group borrower.

Interest Rate Risk of Financial Instruments

The risk of movement in interest rates is fully mitigated by the Company charging the full movement to each borrower, each a subsidiary of Longhurst Group.

Financial Assets and Liabilities

Financial assets are defined as cash or any asset that is a contractual right to receive cash or another financial asset from another entity, or a contractual right to exchange financial instruments with another entity under conditions that are potentially favourable, or an equity instrument of another entity.

Financial liabilities are defined as any liability that is a contractual obligation to deliver cash or another financial asset to another entity, or to exchange financial instruments with another entity under conditions that are potentially unfavourable.

Notes to the Financial Statements (continued)

12. FINANCIAL INSTRUMENTS (CONTINUED)

Cash Flow Hedge Reserve

The Group utilises derivative financial instruments appropriate in order to manage financial risk. The Group, through Libra, manages the risk associated with interest rate fluctuations by converting the cash flows from variable rate debt into fixed interest rates with the use of interest rate swaps. Libra (Longhurst Group) Treasury plc has chosen to apply hedge accounting to these instruments, reducing volatility in the primary statements to the extent that these hedges are deemed to be effective. The use of financial derivatives is governed by the Group's policies approved by the Longhurst Group Board, which provide written principles on the use of financial derivatives.

These interest rate swaps are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured to their fair value at each subsequent reporting date. The cash flow hedge reserve contains the effective portion of the movement in the fair values of these interest rate swap derivatives.

At 31 March 2024 the fair value of derivative financial instruments held by Libra is £2,217k (2023: £3,792k). At 31 March 2024 the interest rate hedging is fully effective at both Company and Group level, therefore the movement in fair value of £1,574k (2023: £8,862k) is recognised in other comprehensive income and within the cash flow hedge reserve.

Credit Risk

The Company is dependent on receipt of funds from Longhurst Group and subsidiary, as borrowers, in order to meet its contractual obligations under the bond and bank loan agreements. The credit risk is that each borrower fails to reimburse the Company. The Directors consider the credit risk to be very low as Longhurst is a business with a strong asset base that consistently generates a surplus and is supported by a regulator that has strong oversight and monitors financial viability of the business. Longhurst Group also have a Moody's credit rating, as detailed within the Strategic Report.

Liquidity Risk

Liquidity risk is the risk that the Company might be unable to meet its obligations. The Group Treasury Policy defines the minimum liquidity requirements of Longhurst Group which is monitored and reported to the Finance & Treasury Committee, Longhurst Group Board and senior management to ensure compliance. The interest receivable mechanism is in place to ensure that the liquidity risk within the Company is minimised. Cashflow payments on the interest rate swaps are not covered by the interest receivable mechanism but are paid by Longhurst Group. The payments for the interest rate swaps are paid by Longhurst Group Ltd on the basis that Libra (Longhurst Group) Treasury plc is an integral part of the Longhurst Group funding structure and the Treasury Strategy is considered on a group wide basis. The effectiveness and cashflow demands of the interest rate swaps held within Libra (Longhurst Group) Treasury plc are monitored at a group level. Longhurst Group has a long-term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants the Directors have a reasonable expectation that these will continue to be funded by Longhurst Group over the Going Concern period.

The Company's financial instruments may be analysed as follows:

	2024 £'000	2023 £'000
Financial assets		
Financial assets that are debt instruments measured at amortised cost:		
Cash and cash equivalents	694	50
Loans receivable (due within 1 year)	2,181	2,372
Loans receivable (due after 1 year)	319,979	312,314
Total financial assets	322,854	314,736

Notes to the Financial Statements (continued)

12. FINANCIAL INSTRUMENTS (CONTINUED)

	2024 £'000	2023 £'000
Financial liabilities		
Financial liabilities measured at amortised cost:		
Loan interest and funding costs	2,094	2,254
Trade creditors	754	17
Loans payable (due within 1 year)	2,181	2,372
Loans payable (due after 1 year)	319,979	312,314
	<u>325,008</u>	<u>316,957</u>
Derivative financial instruments designated as hedges of variable interest rate risk	2,217	3,792
Total financial liabilities	<u>327,225</u>	<u>320,749</u>

Financial Liabilities for the year ended 31 March 2024

	Effective Interest Rate %	Total £'000's	Within 1 Year £'000's	1-2 Years £'000's	2-3 Years £'000's	3-4 Years £'000's	4-5 Years £'000's	Over 5 Years £'000's
Bond Stock								
<i>Fixed rate</i>	5.25%	221,203	(205)	(212)	(220)	(228)	(236)	222,304
<i>Fixed Rate</i>	4.37%	26,897	95	100	105	110	115	26,372
Total Bond Stock		<u>248,100</u>	<u>(110)</u>	<u>(112)</u>	<u>(115)</u>	<u>(118)</u>	<u>(121)</u>	<u>248,676</u>
Bank Debt								
<i>Fixed Rate</i>	6.22%	7,316	(70)	180	180	(70)	(70)	7,166
<i>Floating Rate</i>		66,744	2,361	(310)	690	19,217	24,796	19,990
Total Bank Debt		<u>74,060</u>	<u>2,291</u>	<u>(130)</u>	<u>870</u>	<u>19,147</u>	<u>24,726</u>	<u>27,156</u>
		<u>322,160</u>	<u>2,181</u>	<u>(242)</u>	<u>755</u>	<u>19,029</u>	<u>24,605</u>	<u>275,832</u>
Derivative Financial Instruments	4.63%	2,217	-	75	66	155	63	1,858
		<u>324,377</u>	<u>2,181</u>	<u>(167)</u>	<u>821</u>	<u>19,184</u>	<u>24,668</u>	<u>277,690</u>

The above financial liabilities tables include bond discount/premium and loan issue costs.

The effective interest rate in relation to amounts owed by Group undertakings are equal to those detailed within financial liabilities table. The coupon rate for the bond is 5.125%, maturing in 2038.

All borrowings undertaken by Libra (Longhurst Group) Treasury plc as loans manager are secured against assets held within the Group.

Notes to the Financial Statements (continued)

12. FINANCIAL INSTRUMENTS (CONTINUED)

The interest in relation to financial liabilities, not included in the table is estimated to be:

Contracted Cash Flows	Total Interest £'000
Within 1 Year	17,218
Between 1-2 Years	16,897
Between 2-3 Years	16,607
Between 3-4 Years	16,177
Between 4-5 Years	14,782
Over 5 Years	61,746
	<u>143,427</u>

Loans	Drawn £'000	Final repayment date
Bank debt (Barclays)	2,700	1 July 2024
Bank debt (Lloyds)	19,500	13 December 2027
Bank debt (NatWest)	25,000	31 August 2028
Bank debt (Lloyds)	30,800	2 August 2037
Bond	250,000	2 August 2038
	<u>328,000</u>	

Financial Liabilities for the year ended 31 March 2023

	Effective Interest Rate %	Total £'000's	Within 1 Year £'000's	1-2 Years £'000's	2-3 Years £'000's	3-4 Years £'000's	4-5 Years £'000's	Over 5 Years £'000's
Bond Stock								
<i>Fixed Rate</i>	5.25%	220,877	(205)	(211)	(218)	(226)	(234)	221,971
<i>Fixed Rate</i>	4.37%	27,126	98	103	107	112	117	26,589
Total Bond Stock		<u>248,003</u>	<u>(107)</u>	<u>(108)</u>	<u>(111)</u>	<u>(114)</u>	<u>(117)</u>	<u>248,560</u>
Bank Debt								
<i>Fixed Rate</i>	4.56%	7,283	(85)	(85)	(85)	(85)	(85)	7,708
<i>Floating Rate</i>		51,468	1,918	31,818	2,334	2,145	2,145	11,108
Total Bank Debt		<u>58,751</u>	<u>1,834</u>	<u>31,734</u>	<u>2,249</u>	<u>2,060</u>	<u>2,060</u>	<u>18,816</u>
Derivative Financial Instruments	4.75%	3,792	9	-	211	139	278	3,155
		<u>310,546</u>	<u>1,736</u>	<u>31,626</u>	<u>2,349</u>	<u>2,085</u>	<u>2,221</u>	<u>270,531</u>

The above financial liabilities tables include bond discount/premium and loan issue costs where appropriate.

Notes to the Financial Statements (continued)

12. FINANCIAL INSTRUMENTS (CONTINUED)

Hedging

The Company hedges floating-rate debt through stand-alone interest rate swaps. The Group has entered into standalone interest rate swaps with the following institutions:

Counterparty	Type	Period Years	Maturity Date	Rate %	Swap Amount £'000
Lloyds	Standalone	15	01 April 2025	4.49%	4,000
Lloyds	Standalone	19	19 February 2026	5.43%	6,000
Lloyds	Standalone	20	31 March 2027	4.42%	5,000
Lloyds	Standalone	20	05 October 2027	4.55%	3,000
Lloyds	Standalone	20	18 October 2027	4.90%	3,000
Lloyds	Standalone	18	03 April 2028	4.49%	4,000
Lloyds	Standalone	25	03 June 2030	4.64%	10,000
Lloyds	Standalone	21	02 January 2032	4.49%	5,000
Lloyds	Standalone	23	01 December 2034	4.68%	5,000
Lloyds	Standalone	27	01 April 2039	4.59%	7,500
					52,500

The fair value measurement of these swaps has been categorised as level 2 and the valuation techniques include discounted cash flow pricing models with observable inputs. The most significant inputs into those models are interest rate yield curves, developed from publicly quoted rates and market available information.

The principal amounts associated with the cash flow hedging instruments have expiry dates with the following profile:

	2024 £'000	2023 £'000
Within one year	-	9,000
Between one and two years	10,000	-
Between two and five years	15,000	21,000
In five years or more	27,500	31,500
	52,500	61,500

13. SHARE CAPITAL

Authorised share capital

	2024 £'000	2023 £'000
50,000 ordinary shares of £1.00 each	50	50

Allotted, called up and part paid

	2024 £'000	2023 £'000
50,000 ordinary shares fully paid at £1.00 each	50	50

Notes to the Financial Statements (continued)

14. RELATED PARTIES

The Company is a wholly owned subsidiary of Longhurst Group Limited, a Community Benefit Society, registered under the Co-operative and Community Benefit Act 2014 and a Registered Provider of Social Housing.

The Directors have taken advantage of the exemption in Financial Reporting Standard 102 from disclosing related party transactions with group companies on the grounds that consolidated accounts are publicly available.

15. ULTIMATE PARENT COMPANY

The Company is a wholly owned subsidiary of Longhurst Group Limited, a community benefit society registered in England and Wales. Longhurst Group Limited presents group financial statements which are available from Leverett House, Gilbert Drive, Endeavour Park, Boston, Lincolnshire, PE21 7TQ.