



# Libra (Longhurst Group) Treasury No 2 plc

Annual Report and Financial Statements

For the year ended 31 March 2024

Registered Company no: 11240880

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## Corporate Information

<b>The Chair of the Board</b>	Clive Barnett
<b>The Board of Directors</b>	Angie Morris Chris Tyson Damien Régent Rob Griffiths Tony Oakley (cooptee – appointed 1 October 2023)
<b>Company Secretary</b>	Rob Griffiths
<b>Registered Office</b>	Leverett House Gilbert Drive Endeavour Park Boston PE21 7TQ
<b>External Auditor</b>	Beever and Struthers One Express 1 George Leigh Street Manchester M4 5DL
<b>Bankers</b>	Lloyds Bank Plc 25 Gresham Street London EC2V 7HN
<b>Solicitors</b>	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 No 2 plc was incorporated on 7 March 2018 and commenced trading on 15 May 2018. 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 No 2 plc ('the Company') is to provide finance to support the development programme of Longhurst Group Ltd.

On 15 May 2018, the company issued a listed bond for £150m at an all-in rate of 3.347% and a 2043 maturity. The proceeds from the Bond issue were subsequently on-lent to Longhurst & Havelok Homes Ltd, Spire Homes (LG) Ltd and Axiom Housing Association Limited each a subsidiary of Longhurst Group Ltd as original borrowers.

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.

In 2020, the company issued £100m of retained listed bonds at an all-in rate of 2.339% and a 2043 maturity. The proceeds from the bond issue were subsequently on-lent to Longhurst Group Limited.

During 2021 the Company issued and retained a further £100m, entering into a Forward Purchase Agreement in August 2021 to sell the bonds over three intervals. Bond sales totalling £50m completed in the prior year on 4 April 2022 and 30 August 2022, and a further £50m completed during the year on 3 April 2023, all with 2043 maturities. The 2043 bond issues held within Libra (Longhurst Group) Treasury No 2 plc total £350m.

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

The Company's revenue for the year ended 31 March 2024 comprised of interest received from Longhurst Group Ltd and its subsidiaries. Operating costs incurred by the Company were primarily in respect of interest payments made on the bonds.

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. 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.

## **Strategic Report (continued)**

### **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**

All the proceeds received from capital market transactions are immediately on-lent by the Company to Longhurst Group. The key risks facing the Company are entirely dependent on the trading position of Longhurst Group and its 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 (Longhurst Group) Treasury No 2 plc is an integral part of the Longhurst Group structure and funding strategy. 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, 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.

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 agreements.

The Company is primarily a conduit for accessing the debt capital markets. 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 of Longhurst Group and Libra (Longhurst Group) Treasury No 2 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 business relationships with suppliers, customers and others; and
- the desirability of the company maintaining a reputation for high standards of business conduct.

## Strategic 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.

The Board considers the following to be the key decisions and considerations it has made during the year to 31 March 2024:

### **Board decision**

The Board considered and agreed the long-term treasury strategy for the sole customer, Longhurst Group.

The Board reviews the security position of Longhurst Group and cashflows at each meeting.

Review of the Longhurst Group business plan and cash flow forecasts.

Engaging with investors.

### **Consideration**

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 has ensured that sufficient liquidity and security has been maintained throughout the year.

The Board have monitored the operating surplus and cash flow forecasts of Longhurst Group and performance against the business plan and covenants.

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 nil (2023: nil).

### 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 7 March 2018.

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 No 2 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 No 2 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 No 2 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 No 2 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](http://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 No 2 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 No 2 plc Board acknowledges its ultimate responsibility for ensuring that the Company 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 No 2 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.

The Group's arrangements in respect of the system of risk management and internal control cover the entire Group, including Libra (Longhurst Group) Treasury No 2 plc. Key elements of the Group's system of risk management and internal control throughout the period included:

## **Directors' Report (continued)**

- 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 No 2 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 No 2 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 No 2 plc Board that it found no significant weaknesses in the system of internal control.

### **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. 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. 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.

## **Directors' Report (continued)**

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.

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) No 2 plc

## Opinion

We have audited the financial statements of Libra (Longhurst Group) No 2 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) No 2 plc (continued)

### Recoverability of Long Term Debtors

Long Term Debtors (amounts falling due in more than one year) £373.686M. 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 on-lend to other 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.

The carrying amount of the long term intercompany debtor balance represents 99% 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 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 funds.
- **Confirmation of value:** Agreeing the proceeds to the bond issue documentation.

#### 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.

### 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 £1.895M 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, which reflects the Company's primary purpose as a treasury vehicle for the Group.

Performance materiality was set at £948K, 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.

## Independent Auditor's Report to the Member of Libra (Longhurst Group) No 2 plc (continued)

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.

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](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

## Independent Auditor's Report to the Member of Libra (Longhurst Group) No 2 plc (continued)

### 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.
- 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.



### 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: 11240880

	Note	2024 £'000	2023 £'000
Revenue	2	10,291	8,662
Operating expenditure	3	<u>(10,291)</u>	<u>(8,662)</u>
Operating profit	4	-	-
Administrative expenditure	5	<u>-</u>	<u>-</u>
Profit on ordinary activities before taxation for the year		-	-
Tax on Profit on ordinary activities	7	<u>-</u>	<u>-</u>
<b>Profit after tax and total comprehensive income for the year:</b>		<u>-</u>	<u>-</u>

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



## Statement of Financial Position

Registered Company no: 11240880

	Note	2024 £'000	2023 £000
<b>Non-current assets</b>			
Debtors: amounts falling due after more than one year	8	373,686	317,968
<b>Current assets</b>			
Debtors: amounts falling due within one year	9	5,331	4,191
Cash and Cash equivalents		50	50
		<u>5,381</u>	<u>4,241</u>
<b>Creditors: amount falling due within one year</b>	10	<u>(5,331)</u>	<u>(4,191)</u>
<b>Net current assets</b>		<u>50</u>	<u>50</u>
<b>Total assets less current liabilities</b>		<b>373,736</b>	<b>318,018</b>
Creditors: amounts falling due after more than one year	11	<u>(373,686)</u>	<u>(317,968)</u>
<b>Net assets</b>		<u><u>50</u></u>	<u><u>50</u></u>
<b>Capital and reserves</b>			
Called up share capital	13	50	50
Revenue reserve		-	-
		<u>50</u>	<u>50</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 18 to 25 form part of these financial statements.

## Statement of Changes in Equity

Registered Company no: 11240880

	Share capital	Revenue reserve	Total
	£'000	£'000	£'000
<b>Balance at 31 March 2022</b>	<b>50</b>	<b>-</b>	<b>50</b>
Profit for the year	-	-	-
<b>Balance at 31 March 2023</b>	<b>50</b>	<b>-</b>	<b>50</b>
Profit for the year	-	-	-
<b>Balance at 31 March 2024</b>	<b>50</b>	<b>-</b>	<b>50</b>

# Notes to the Financial Statements

## LEGAL STATUS

Libra (Longhurst Group) Treasury No 2 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 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, along with the continuing support of Longhurst Group, 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 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.
- 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.

## Notes to the Financial Statements (continued)

### 1. ACCOUNTING POLICIES (CONTINUED)

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 are held at amortised cost using the effective interest method.
- Loans to or from Group companies, 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.

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.

#### 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. 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 bonds

Bonds are stated in the statement of financial position at amortised cost. Management use a third-party valuation to minimise the risk of uncertainty in valuation.

## Notes to the Financial Statements (continued)

### 1. ACCOUNTING POLICIES (CONTINUED)

#### 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	<u>10,291</u>	<u>8,662</u>
3. OPERATING EXPENDITURE	2024 £'000	2023 £'000
Interest payable and other fees	<u>10,291</u>	<u>8,662</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 £'000	2023 £'000
<b>UK corporation tax</b>		
Current tax on profit for the year	-	-
Adjustment in respect of previous periods	-	-
	<u>-</u>	<u>-</u>
Deferred tax	-	-
<b>Tax on loss on ordinary activities</b>	<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 £'000	2023 £'000
Profit on ordinary activities before tax	-	-
Profit on ordinary activities at the standard rate of corporation tax in the UK of 25%(2023: 19%)	-	-
Tax losses (utilised)/carried forward but not recognised as a deferred tax asset	-	-
Movement on deferred tax and other fixed assets and short term timing differences	-	-
<b>Total tax charge for period</b>	<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).

## Notes to the Financial Statements (continued)

	2024 £'000	2023 £'000
<b>8. DEBTORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>		
Loans to group undertakings (note 12)	<u>373,686</u>	<u>317,968</u>
<b>9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Amounts owed by group undertakings	<u>5,331</u>	<u>4,191</u>
<b>10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Bond discount	(78)	-
Bond premium	1,243	-
Bond issue costs	(115)	-
Other creditors	<u>4,281</u>	<u>4,191</u>
	<u>5,331</u>	<u>4,191</u>
<b>11. CREDITORS: AMOUNTS DUE AFTER ONE YEAR</b>		
Bond repayable	350,000	300,000
Bond discount	(1,965)	(2,072)
Bond premium	27,729	22,343
Bond issue costs	(2,078)	(2,303)
	<u>373,686</u>	<u>317,968</u>
Repayment of bond falling due as follows:		
Within one year	1,165	837
Between one and two years	1,191	855
Between two and five years	3,720	2,680
After five years	<u>370,853</u>	<u>316,736</u>
	<u>376,929</u>	<u>321,108</u>
Loan issue costs	(2,192)	(2,303)
	<u>374,737</u>	<u>318,805</u>

## 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.

## Notes to the Financial Statements (continued)

### 12. FINANCIAL INSTRUMENTS (CONTINUED)

#### 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 £350m bond stock was £262.1m (2023: £300m bond stock at £234.2m).

The fair value of the bond stock is based on market value at 31 March 2024. The terms of the 2043 bond are fixed and it is intended that the 2043 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 not currently exposed to any fluctuations in interest rate due to the only funding being the fixed rate bond.

#### 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 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. 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
<b>Financial assets</b>		
Financial assets that are debt instruments measured at amortised cost:		
Cash and cash equivalents	50	50
Loans receivable (due within 1 year)	1,051	837
Loans receivable (due after 1 year)	373,686	320,271
<b>Total financial assets</b>	<b>374,787</b>	<b>321,158</b>

## Notes to the Financial Statements (continued)

### 12. FINANCIAL INSTRUMENTS (CONTINUED)

	2024 £'000	2023 £'000
<b>Financial liabilities</b>		
Financial liabilities measured at amortised cost:		
Loans payable (due within 1 year)	1,051	837
Loans payable (due after 1 year)	373,686	320,271
<b>Total financial liabilities</b>	<u>374,737</u>	<u>321,108</u>

#### Financial liabilities for the year ended 31 March 2024

	Effective Interest Rate %	Total Carrying Amount £'000	Within 1 Year £'000	1-2 Years £'000	2-3 Years £'000	3-4 Years £'000	4-5 Years £'000	Over 5 Years £'000
<b>Bond Stock</b>								
<i>Fixed rate</i>	3.347%	147,017	(127)	(130)	(132)	(135)	(138)	147,679
<i>Fixed Rate</i>	2.339%	113,436	558	572	586	601	616	110,503
<i>Fixed Rate</i>	2.187%	28,909	171	175	179	183	171	28,030
<i>Fixed Rate</i>	2.237%	28,714	162	165	169	173	177	27,868
<i>Fixed Rate</i>	2.327%	56,661	287	294	301	309	316	55,154
<b>Total Bond Stock</b>		<u>374,737</u>	<u>1,051</u>	<u>1,076</u>	<u>1,103</u>	<u>1,131</u>	<u>1,142</u>	<u>369,234</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 3.25%, maturing in 2043. Loan issue costs are included within the financial assets table above.

All borrowings undertaken by Libra (Longhurst Group) Treasury No 2 plc as loans manager are secured against assets held within the Group.

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

<b>Contracted Cash Flows</b>	<b>Total Interest £'000</b>
Within 1 Year	11,367
Between 1-2 Years	11,375
Between 2-3 Years	11,375
Between 3-4 Years	11,383
Between 4-5 Years	11,367
Over 5 Years	160,664
	<u>217,531</u>



## Notes to the Financial Statements (continued)

### 12. FINANCIAL INSTRUMENTS (CONTINUED)

#### Financial liabilities for the year ended 31 March 2023

Bond Stock	Effective Interest Rate %	Total Carrying Amount £'000	Within 1 Year £'000	1-2 Years £'000	2-3 Years £'000	3-4 Years £'000	4-5 Years £'000	Over 5 Years £'000
<i>Fixed rate</i>	3.347%	145,551	(189)	(192)	(194)	(197)	(200)	146,523
<i>Fixed Rate</i>	2.339%	114,852	572	586	600	614	628	111,852
<i>Fixed Rate</i>	2.187%	29,304	174	178	181	185	190	28,396
<i>Fixed Rate</i>	2.237%	29,098	165	168	172	176	180	28,237
<b>Total Bond Stock</b>		<b>318,805</b>	<b>722</b>	<b>740</b>	<b>759</b>	<b>778</b>	<b>798</b>	<b>315,008</b>

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

Loan Maturity Dates	Drawn £'000	Undrawn £'000	Final Repayment Date
Bond	350,000	-	15 May 2043

#### Capital Management

The Company manages capital balances such as share capital and reserves.

### 13. SHARE CAPITAL

#### Authorised share capital

	2024 £'000	2023 £'000
50,000 ordinary shares of £1.00 each	<u>50</u>	<u>50</u>

#### Allotted, called up and part paid

	2024 £'000	2023 £'000
50,000 ordinary shares fully paid at £1.00 each	<u>50</u>	<u>50</u>

## 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.