



**MOAT HOMES FINANCE PLC**

**DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 March 2024**

**REGISTERED NUMBER: 07743490**

# MOAT HOMES FINANCE PLC

## CONTENTS

	<b>Page</b>
Directors, registered office, advisors and legal status	2
Strategic Report	3
Directors' Report	5
Independent Auditor's Report to the members of Moat Homes Finance plc	8
Profit and loss account and Statement of retained earnings	14
Statement of financial position	15
Notes to the financial statements	16

**MOAT HOMES FINANCE PLC  
DIRECTORS, REGISTERED OFFICE, ADVISORS AND LEGAL STATUS**

**Directors:** Chris Ellmore  
Hazel Sharp  
Gloria Yang (appointed 11 April 2023)

**Secretary:** Gloria Yang (appointed 21 November 2023)  
Sara Thomson (left 20 November 2023)

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**Registered office:** Mariner House  
Galleon Boulevard  
Crossways  
Dartford  
Kent  
DA2 6QE

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**Advisors:**

**Registered auditor:** BDO LLP  
55 Baker Street  
London  
W1U 7EU

**Bankers:** National Westminster Bank plc  
Europa House  
49 Sandgate Road  
Folkestone  
Kent  
CT20 1RU

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**Legal status:** Registered under the Companies Act 2006 No. 07743490

## MOAT HOMES FINANCE PLC STRATEGIC REPORT for the year ended 31 March 2024

Moat Homes Finance plc (MHF), the Company, is a wholly owned subsidiary of Moat Homes Limited (MHL). MHF obtains finance directly from capital markets and on-lends to MHL. MHL is a charitable registered provider of social housing. MHF operates as part of the Moat group (Moat).

### Business review

MHF issued a £150m, 5%, 2041, secured bond in 2011 when £100m was sold to investors. The remaining £50m was sold in October 2013. The Bond was tapped by the issue of a further £150m in November 2019, of which £50m was retained for future sale. The remaining £50m was sold in April 2021.

The finance raised has been fully lent to MHL under a secured loan agreement.

There are no plans to raise additional funding in 2024/25.

The profit and loss account shows a result of £nil for the year (2023: £nil). This is consistent with the Company's role as a special purpose lending vehicle, which does not seek to generate financial returns. The impact of the discount, premium and the bond issuance costs have been passed through to MHL. At 31 March 2024, the net assets of the Company were £50k (2023: £50k).

### Key performance indicators

MHF's main performance indicator is to meet the asset cover requirements of the Bond. The Bond is secured by first fixed charges over housing properties, valued at either market value subject to tenancy or existing use value for social housing. The properties charged are owned by MHL and under a Security Trust Deed provide the security for the intercompany loan and the Bond. An annual valuation is carried out to ensure the asset cover ratio is met.

	Target	2024	2023
Asset cover	>115%	140%	141%

### Principal risks and uncertainties

As MHF on-lends to MHL, the main risk facing MHF is that MHL will be unable to make its interest or principal payments when they fall due. The risk is mitigated by:

- the on-lent funding to MHL is under a secured loan agreement, which is backed by housing assets of MHL. If there are any payments which are not made to MHF, then it has the right to enforce the security under the loan.
- the financial strength of MHL. MHL's 30-year financial plan shows a strong liquidity position and is fully compliant with all external covenants and with Moat golden rules throughout the 30-year period. The stress testing of the plan also indicates that there is sufficient headroom on covenants to allow it to take remedial action in the event of adverse external conditions or if the assumptions used in the plan change. MHL has a Moody's rating of A2 stable in February 2024, which improved from A2 negative.

### Section 172 statement

The Company was formed for the sole purpose of raising debt finance for MHL. It is a wholly owned subsidiary and does not have any employees. The Directors, accordingly, do not consider that the interests of the Company's employees or the need to act fairly between members of the Company are relevant to the proper discharge of their duty under section 172. Each of these factors is considered by Moat.

The Directors take guidance from Moat on matters relating to the impact of the Company's operations on the community and environment.

## **MOAT HOMES FINANCE PLC STRATEGIC REPORT (continued) for the year ended 31 March 2024**

### **Section 172 statement (continued)**

Given the purpose of the Company the relevant stakeholder groups are the investors in the listed debt and the parent group. The Board of MHF 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.

The Board's 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, that reflects our responsible behaviour.

### **Key decisions in the year:**

- 🕒 No additional bond finance to be raised before March 2025 in line with MHL funding requirements. The Directors are engaging with MHL Board and senior management about future requirements and whether a public issuance would be the best way to obtain additional borrowings.

### **Considerations in year:**

- 🕒 Monitoring of MHL's performance, including review of MHL's 30-year plan and cashflow forecast
- 🕒 Existing investors are provided with all statutory information and meetings are arranged on request.

On behalf of the Board



**Chris Ellmore**  
**Director**  
**Mariner House, Galleon Boulevard, Crossways, Dartford, Kent DA2 6QE**

**31 July 2024**

## **MOAT HOMES FINANCE PLC**

### **DIRECTORS' REPORT for the year ended 31 March 2024**

The Directors present the Directors' Report and financial statements for Moat Homes Finance plc (MHF) for the year ended 31 March 2024.

#### **Directors**

The Directors who served during the year are listed on page 2.

#### **Principal activities**

MHF is a special purpose funding vehicle used to secure funding for Moat. Future development and principal risks and uncertainties are discussed in the Strategic Report.

#### **Employees**

MHF does not employ any staff (2023: nil).

#### **Proposed dividend**

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

#### **Post year-end review**

There have been no events since the financial year-end that require disclosure.

#### **Going concern**

The Board has approved the budget for 2024/25 and its long-term plan to continue to act as a special purpose vehicle raising finance on behalf of Moat.

As MHF's main risk is the inability of MHL to make interest and principal payments when they fall due, the Board has reviewed MHL's 30-year financial plan and stress testing scenarios. The Board focussed on the earlier years of the plan and on the impact of high interest rates, additional spend on decarbonisation and improved energy efficiency of homes, lower sales volumes, and additional investment in people, data and IT. The plan is fully compliant with bank covenants and Moat's golden rules throughout the 30-year period. The extensive stress testing of the plan indicates that there is no potential breach of covenants until 2027 under a multi-variant scenario, and recovery planning ensures that remedial action can be implemented effectively and quickly to restore covenant compliance.

In terms of liquidity, MHL's Treasury Management Policy requires sufficient liquidity to cover 18 months net cash requirement, excluding all types of sales income. Under no stress testing scenario would additional liquidity be needed.

As a result, the Board has a reasonable expectation that MHF has adequate resources to continue in operational existence for a period exceeding 12 months from the date of these accounts. It therefore continues to adopt the going concern basis in the financial statements.

#### **Statement of effectiveness of internal controls**

The Board has overall responsibility for establishing and maintaining an adequate system of internal control for MHF and for reviewing its effectiveness. Its responsibility extends over matters covering strategic, operational, financial, and compliance issues.

The Board recognises that no system of internal control can provide absolute assurance or eliminate all risk. The system of internal control is designed to manage and reduce the risk of failing to achieve business objectives, giving reasonable, but not absolute, assurance against material misstatement or loss. It also exists to give reasonable assurance about the preparation and reliability of financial information and the safeguarding of MHF's assets and interests.

The Board has adopted a risk-based approach to internal controls. It also believes that outsourced provision of the internal audit function best supports an independent and detailed review of key procedures and controls across the business. The Board delegates the review of the effectiveness of the internal control and risk management environment to the Audit & Risk Committee.

## **MOAT HOMES FINANCE PLC** **DIRECTORS' REPORT (continued) for the year ended 31 March 2024**

### **Statement of effectiveness of internal controls (continued)**

The Audit & Risk Committee reviews the Risk Management Policy and Framework annually and monitors risks and mitigations at each meeting. It oversees the appointment of the internal auditors and agrees the annual audit plan, which is risk based, in advance. The internal auditors present their reports at each Committee meeting.

The Audit & Risk Committee presents an annual report to the Board.

The Board have reviewed the system of internal controls for the year ended 31 March 2024 and have received sufficient assurance on the adequacy of controls in the year under review. There has been no major breach within the year and up to the date of signing the financial statements that requires disclosure.

### **Statement of Directors' responsibilities in respect of the Strategic Report, the Directors' Report and the financial statements**

The Directors are responsible for preparing the Strategic Report, the Directors' Report and 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 they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

- 🔹 select suitable accounting policies and apply them consistently
- 🔹 make judgements and estimates that are reasonable and prudent
- 🔹 state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 🔹 prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

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

**MOAT HOMES FINANCE PLC**  
**DIRECTORS' REPORT (continued) for the year ended 31 March 2024**

**Qualifying third party indemnity provisions**

Directors' and officers' insurance cover has been established for Directors to provide appropriate cover for their reasonable actions on behalf of the Company.

**Statement of confirmation**

The Board confirms that it considers that the Strategic Report, Directors' Report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for members to assess the Company's performance, business model and strategy.

**Disclosure of information to auditor**

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

**Auditor**

Pursuant to Section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and BDO LLP will therefore continue in office.

On behalf of the Board



**Chris Ellmore**  
**Director**

**Mariner House, Galleon Boulevard, Crossways, Dartford, Kent DA2 6QE**  
**31 July 2024**



# INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF MOAT HOMES FINANCE PLC

## Opinion on the financial statements

In our opinion:

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

We have audited the financial statements of Moat Homes Finance plc for the year ended 31 March 2024, which comprise the Profit and loss account and Statement of retained earnings, the Statement of financial position and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

## Basis for opinion

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

## Independence

Following the recommendation of the Audit Committee, we were appointed by the Directors on 20 January 2017 to audit the financial statements for the year ended 31 March 2017 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is eight years, covering the years ended 31 March 2017 to 31 March 2024.

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

## Conclusions relating to going concern

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

- We obtained the Directors' going concern assessment which includes an assessment of the recoverability of funds on lent to the parent entity, Moat Homes Limited. As such, our work has focussed on the parent and group business plans that underpin the Directors' assessment.
- We considered the appropriateness of management's forecasts by reviewing and assessing assumptions applied by management, assessing historical forecasting accuracy and considered the reasonableness of the range of scenarios included in management's consideration of downside sensitivity analysis.
- We challenged management on the suitability of the mitigating actions identified in their assessment and the quantum and period ascribed to these mitigating actions.
- We obtained an understanding of the financing facilities from the finance agreements, including the nature of the facilities, covenants and attached conditions.

## INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF MOAT HOMES FINANCE PLC (continued)

- 🔍 We assessed the facility and covenant headroom calculations.
- 🔍 We reviewed the wording of the going concern disclosures and assessed its consistency with management's forecasts.

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

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report.

### Overview

Key audit matters		
Recoverability of intercompany debt	2024 ✓	2023 ✓
Materiality	<i>Financial statements as a whole</i> £5,300,000 (2023: £125,000) based on 1.5% of total assets (2023: 1% of finance income)	

### An overview of the scope of our audit

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

### Key Audit Matters

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

Key Audit Matter
<p><b>Recoverability of intercompany debt</b></p> <p>As disclosed in note 7 of the Financial Statements the Company is owed £358,858,000 by its parent entity, Moat Homes Limited. As disclosed in note 2 a judgement has been made by the Directors in respect of Moat Housing Limited's ability to make interest and principal payments as they fall due.</p> <p>As the entity on-lends to its parent, the principal risk facing the entity is that the parent will be unable to make its interest or principal payments when they fall due. Recoverability of these balances is specifically tied to the future viability of the Group and needs to be reviewed at each balance sheet date.</p> <p>The Directors of the entity have confirmed their review of the viability assessment as demonstrated by the updated 30 year business plans prepared by the Group and assessed that there are no factors or events that may cast doubt on the ability of it to continue to operate for the foreseeable future, and as a result, will be able to make its interest or principal payments when they fall due.</p> <p>The Group's updated 30 year business plan involves a number of subjective judgements. We have therefore spent significant audit effort in assessing the appropriateness of the assumptions involved, and as such this was identified as a Key Audit Matter.</p>

## INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF MOAT HOMES FINANCE PLC (continued)

### Key Audit Matter (continued)

#### How the scope of our audit addressed the key audit matter:

Our audit response involved the following procedures to challenge the Directors of the entity reliance on the long term forecasts of the parent to assess its ability to repay its debt to Moat Homes Finance plc:

We considered the appropriateness of forecasts prepared by the parent entity by reviewing and assessing assumptions applied by management, assessing historical forecasting accuracy and understanding management's consideration of downside sensitivity analysis. We challenged Moat Homes Limited management on the suitability of the mitigating actions identified in their assessment and the quantum and period ascribed to these mitigating actions.

We obtained an understanding of all the financing facilities from the finance agreements, including the nature of the facilities, covenants and attached conditions; we further assessed the facility and covenant headroom calculations, and re-performed sensitivities and stress testing.

We have, in completing the review, considered the ability of the parent to repay their debt to Moat Homes Finance plc as it falls due.

#### Key observations:

We noted no material exceptions through performing these procedures.

### Our application of materiality

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

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

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

	Company financial statements	
	2024	2023
Materiality	£5,300,000	£125,000
Basis for determining materiality	1.5% of total assets	1% of finance income
Performance materiality	£3,700,000	£94,000
Basis for determining performance materiality	70% of materiality	75% of materiality

### Rationale for the benchmarks applied

This is a change from the basis used in the prior year, where 1.0% of finance income was used. We reflected in the year on this approach and determined that a total asset basis aligns better with the areas of interest of users of the financial statements (the total assets represent the level of secured assets that underpin the funds raised in the capital markets) and have updated our approach accordingly. We have determined that 70% of materiality is an appropriate basis for performance materiality based on our previous experience of the audit and factors such as the low levels of misstatements previously identified and the limited areas of the financial statements subject to estimation uncertainty, this has changed from the previous level to align with percentage used in other group companies.

# INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF MOAT HOMES FINANCE PLC (continued)

## Reporting threshold

We agreed with the Audit & Risk Committee that we would report to them all individual audit differences in excess of £100,000 (2023: £3,000). We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

## Other information

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

We have nothing to report in this regard.

## Other Companies Act 2006 reporting

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

<p><b>Strategic report and Directors' report</b></p>	<p>In our opinion, based on the work undertaken in the course of the audit:</p> <ul style="list-style-type: none"> <li>🔴 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</li> <li>🔴 the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.</li> <li>🔴 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.</li> </ul>
<p><b>Matters on which we are required to report by exception</b></p>	<p>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:</p> <ul style="list-style-type: none"> <li>🔴 adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or</li> <li>🔴 the Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or</li> <li>🔴 certain disclosures of Directors' remuneration specified by law are not made; or</li> <li>🔴 we have not received all the information and explanations we require for our audit.</li> </ul>

## **INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF MOAT HOMES FINANCE PLC (continued)**

### **Responsibilities of Directors**

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

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

### **Auditor's responsibilities for the audit of the financial statements**

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

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

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

### **Non-compliance with laws and regulations**

Based on:

- 🔍 Our understanding of the Company and the industry in which it operates;
- 🔍 Discussion with management and those charged with governance; and
- 🔍 Obtaining and understanding of the Company's policies and procedures regarding compliance with laws and regulations

we considered the significant laws and regulations to be the applicable accounting framework, and the laws and regulations relating to the company's registration with Companies House.

The Company is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be compliance with tax legislation.

Our procedures in respect of the above included:

- 🔍 Review of minutes of meetings of those charged with governance for any instances of non-compliance with laws and regulations;
- 🔍 Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- 🔍 Review of financial statement disclosures and agreeing to supporting documentation; and
- 🔍 Review of legal expenditure accounts to understand the nature of the expenditure incurred.

## INDEPENDENT AUDITOR'S REPORT TO MEMBERS OF MOAT HOMES FINANCE PLC (continued)

### Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- 🕒 Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- 🕒 Obtaining an understanding of the Company's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- 🕒 Review of minutes of meetings of those charged with governance and internal audit reports for any known or suspected instances of fraud; and
- 🕒 Discussion amongst the engagement team as to how and where fraud might occur in the financial statements.

Based on our risk assessment, we considered the areas most susceptible to fraud to be the posting of journals and the assessment of the recoverability of the related party debt.

Our procedures in respect of the above included:

- 🕒 Testing a sample of journal entries throughout the year, which met a defined risk criteria as well as an additional random sample, by agreeing to supporting documentation; and
- 🕒 Challenging assumptions made by management in their significant accounting estimates in particular in relation to the recoverability of related party debt.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Auditor's Report.

### Use of our report

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

**E Kulczycki**

Elizabeth Kulczycki (Senior Statutory Auditor)  
For and on behalf of BDO LLP, Statutory Auditor  
Gatwick, UK  
8 August 2024

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



**MOAT HOMES FINANCE PLC**  
**PROFIT AND LOSS ACCOUNT AND STATEMENT OF RETAINED EARNINGS**  
for the year ended 31 March 2024

	Notes	2024 £000	2023 £000
Finance income	3	12,447	12,508
Finance costs	6	<u>(12,447)</u>	<u>(12,508)</u>
<b>Result on ordinary activities before taxation</b>	<b>4</b>	-	-
Taxation		<u>-</u>	<u>-</u>
<b>Result for the financial year</b>		<u>-</u>	<u>-</u>
Retained earnings at the beginning of the year		-	-
Result for the financial year		<u>-</u>	<u>-</u>
<b>Retained earnings at the end of the year</b>		<u>-</u>	<u>-</u>

The notes on pages 16 to 21 form part of these financial statements.

All amounts relate to continuing activities.

There were no recognised profits or losses in the year other than those shown above.

**MOAT HOMES FINANCE PLC**  
**STATEMENT OF FINANCIAL POSITION**  
as at 31 March 2024

	Notes	2024 £000	2023 £000
<b>Current assets</b>			
Debtors: amounts due in more than one year	7	352,862	355,485
Debtors: amounts due within one year	7	2,996	2,934
Cash and cash equivalents	10	653	644
		<hr/>	<hr/>
		356,511	359,063
<b>Creditors: amounts due within one year</b>	8	<hr/> (2,958)	<hr/> (2,896)
<b>Total assets less current liabilities</b>		<b>353,553</b>	<b>356,167</b>
<b>Creditors: amounts due after more than one year</b>	9	<hr/> (353,503)	<hr/> (356,117)
<b>Total net assets</b>		<hr/> <b>50</b>	<hr/> <b>50</b>
<b>Capital and reserves</b>			
Called up share capital	11	50	50
Reserves		<hr/> -	<hr/> -
<b>Equity shareholders' funds</b>		<hr/> <b>50</b>	<hr/> <b>50</b>

The notes on pages 16 to 21 form part of these financial statements.

The financial statements were approved and authorised for issue by the Board on 31 July 2024 and signed on its behalf by:



**Chris Ellmore**  
Director



**Gloria Yang**  
Director

**Registered Number: 07743490**



# **MOAT HOMES FINANCE PLC**

## **NOTES TO THE FINANCIAL STATEMENTS**

for the year ended 31 March 2024

### **1. PRINCIPAL ACCOUNTING POLICIES**

#### **Basis of preparation**

The financial statements have been prepared in accordance with FRS 102, the Financial Reporting Standard applicable in the UK and Republic of Ireland.

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

#### **Disclosure exemptions**

Under FRS 102 the Company has taken advantage of reduced disclosures for subsidiaries and has not prepared a statement of cash flows as its parent MHL consolidates MHF in its own financial statements.

#### **Going concern**

The Board has approved the budget for 2024/25 and its long-term plan to continue to act as a special purpose vehicle raising finance on behalf of Moat.

As MHF's main risk is the inability of MHL to make interest and principal payments when they fall due, the Board has reviewed MHL's 30-year financial plan and stress testing scenarios. The Board focussed on the earlier years of the plan and on the impact of high interest rates, additional spend on decarbonisation and improved energy efficiency of homes, lower sales volumes, and additional investment in people, data and IT. The plan is fully compliant with bank covenants and Moat's golden rules throughout the 30-year period. The extensive stress testing of the plan indicates that there is no potential breach of covenants until 2027 under a multi-variant scenario, and recovery planning ensures that remedial action can be implemented effectively and quickly to restore covenant compliance.

In terms of liquidity, MHL's Treasury Management Policy requires sufficient liquidity to cover 18 months net cash requirement, excluding all types of sales income. Under no stress testing scenario would additional liquidity be needed.

As a result, the Board has a reasonable expectation that MHF has adequate resources to continue in operational existence for a period exceeding 12 months from the date of these accounts. It therefore continues to adopt the going concern basis in the financial statements.

#### **Finance income**

Finance income represents income receivable from MHL in relation to the on-lending of the finance raised and is recognised on an accruals basis as it falls due.

#### **Financial instruments**

Financial assets and liabilities are recognised when MHF becomes a party to the contractual provisions of the instrument and are offset only when the organisation currently has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

#### **Debtors and creditors**

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest rate method, less any impairment losses. Any losses arising from impairment are recognised in the profit and loss account in other operating expenses.

**MOAT HOMES FINANCE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 March 2024

**1. PRINCIPAL ACCOUNTING POLICIES (continued)**

**Financial instruments (continued)**

**Interest-bearing borrowings classified as basic financial instruments**

Interest-bearing borrowings are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

**Cash and cash equivalents**

Cash and cash equivalents comprise cash balances and call deposits.

**Impairment of financial assets**

Financial assets not carried at fair value are assessed for indicators of impairment at each reporting date. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Impairment losses are recognised in the profit and loss account.

**Bond issuing costs**

All the Company's costs related to providing funding services are billed to MHL which includes bond issuing costs. In MHL, the costs are deferred and written off to the profit for the year over the expected life of the bond.

**Premium/ discount on the bond**

The premium/discount on the bond is passed through to MHL, where they are amortised over the life of the bond.

**Taxation**

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

**VAT**

MHF is a member of the registered Moat VAT group. A large proportion of Moat's income comprises rental income, which is exempt for VAT purposes and gives rise to a partial exemption calculation. Expenditure is therefore shown inclusive of VAT. Recoverable VAT arising from partially exempt activities is credited to the profit and loss account.

**2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of MHF's accounting policies, which are described in note 1, the Directors may be required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities.

In preparing these financial statements, a judgement has been made in respect of MHL's ability to make interest and principal payments when they fall due as detailed in Note 10.

**MOAT HOMES FINANCE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 March 2024

**3. FINANCE INCOME**

	2024 £000	2023 £000
On intercompany loans at amortised cost	12,438	12,508
Interest received on cash balance	9	-
	<b>12,447</b>	<b>12,508</b>

Intercompany income is received from MHL, relating to the on-lending of the finance raised via the bond.

**4. PROFIT AND LOSS ACCOUNT**

During the year, the Company recharged interest paid on loans, discount and premium to MHL. Audit and tax fees for MHF are paid on its behalf by MHL. Consequently, during the year the Company made neither a profit nor a loss.

**5. DIRECTORS' EMOLUMENTS**

The Company does not have any employees. The Directors are employed by MHL. They do not receive remuneration for their duties as Directors of MHF. Any employment costs are retained by MHL and disclosed as appropriate.

**6. FINANCE COSTS**

	2024 £000	2023 £000
Interest payable on bond	15,000	15,000
Amortisation of bond premium	(2,595)	(2,532)
Amortisation of bond discount	42	40
	<b>12,447</b>	<b>12,508</b>

Interest is payable and receivable six monthly and is collected and paid on the same day.

**7. DEBTORS**

	2024 £000	2023 £000
Due in more than one year:		
Loan due from other group entities	352,862	355,485
Due within one year:		
Due from other group entities	2,996	2,934
	<b>355,858</b>	<b>358,419</b>

The loan receivable from MHL has the same maturity and interest rate as the 30-year bond (note 9) and is repayable to MHF on 23 September 2041.

The set-up costs, discount and premium on issue are passed through to MHL.

**MOAT HOMES FINANCE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 March 2024

**8. CREDITORS – amounts due within one year**

	2024 £000	2023 £000
Premium on issue of bond	2,659	2,595
Discount on issue of bond	(44)	(42)
Other creditors: interest payable and similar charges	343	343
	<b>2,958</b>	<b>2,896</b>

**9. CREDITORS – amounts due after more than one year**

	2024 £000	2023 £000
30 year fixed rate bond	300,000	300,000
Premium on issue of bond	54,649	57,307
Discount on issue of bond	(1,146)	(1,190)
	<b>353,503</b>	<b>356,117</b>
	2024 £000	2023 £000

Loans are repayable, other than by instalments as follows:

In five years or more	300,000	300,000
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The 30-year bond is repayable on maturity on 23 September 2041. Interest is payable at 5%.

The loan receivable from MHL (note 7) has the same maturity and interest rate as the 30-year bond and is repayable to MHF on 23 September 2041.

The set-up costs, discount and premium on issue are passed through to MHL.

**10. FINANCIAL INSTRUMENTS**

The carrying value of financial assets and liabilities are summarised by category:

	2024 £000	2023 £000
<b>Financial assets</b>		
<b>Measured at historic cost:</b>		
Cash and cash equivalents	653	644
<b>Measured at amortised cost:</b>		
Loan to MHL (note 7)	352,862	355,485
<b>Measured at undiscounted amount receivable:</b>		
Income receivable from MHL re loan (note 7)	2,959	2,897
Amount receivable from MHL re share capital (note 7)	37	37
	<b>356,511</b>	<b>359,063</b>

**MOAT HOMES FINANCE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 March 2024

**10. FINANCIAL INSTRUMENTS (continued)**

	2024 £000	2023 £000
<b>Financial liabilities</b>		
<b>Measured at historic cost:</b>		
Bond, premium and discount ( <i>notes 8 and 9</i> )	356,118	358,670
<b>Measured at undiscounted amount payable:</b>		
Interest payable ( <i>note 8</i> )	343	343
	356,461	359,013
	2024 £000	2023 £000
<b>Income and expense in relation to financial instruments</b>		
Total income for financial assets at amortised cost	12,438	12,508
Total income for financial assets at historic cost	9	-
	12,447	12,508
Total interest expense for financial liabilities at amortised cost	(12,447)	(12,508)

There is one class of financial instrument as all of the financial assets and liabilities relate to the bond issue and the on-lending of the funds at the same rates.

**Risk Management Objectives and Policies**

Moat's treasury function is responsible for the management of the funds and control of the associated risks. Its activities are governed by the MHL Board and the Group's Finance Committee which is responsible for the treasury issues in all of Moat's legal entities which include MHF. The treasury function does not operate as a profit centre.

**Market Risk**

**Interest Rate Risk/Hedging**

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

**Currency Risk**

There is no currency risk as the bond is issued in Sterling.

**Liquidity and Credit Risks/Uncertainties**

As MHF on-lends to MHL, the main risk facing MHF is that MHL will be unable to make its interest or principal payments when they fall due. The risk is mitigated by:

- 🔹 the on-lent funding to MHL is under a secured loan agreement, which is backed by housing assets of MHL. If any payments are not made to MHF, it has the right to enforce the security under the loan.
- 🔹 the financial strength of MHL. MHL's 30-year financial plan shows a strong liquidity position and is fully compliant with all external covenants and with Moat golden rules throughout the 30-year period. The stress testing of the plan also indicates that there is sufficient headroom on covenants to allow it to take remedial action in the event of adverse external conditions or if the assumptions used in the plan change. MHL has a Moody's rating of A2 stable, which improved from A2 negative in January 2024.

**MOAT HOMES FINANCE PLC**  
**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
for the year ended 31 March 2024

**11. CALLED-UP SHARE CAPITAL**

	2024 £000	2023 £000
<b>Allotted and issued ordinary shares of £1 each:</b>		
<b>As at 1 April and 31 March</b>	<b>50</b>	<b>50</b>
Amount paid up at 25p per share:		
As at 1 April and 31 March	13	13

MHF's capital comprises its share capital. No further capital is required as interest is received and paid on the same day and operating costs (e.g. audit fees and bank charges) are paid by MHL.

**12. RELATED PARTY TRANSACTIONS**

Intra-group transactions are not required to be disclosed under FRS 102 as MHF is a wholly owned subsidiary. All intra-group transactions have taken place in the normal course of business and are shown in the relevant notes to the financial statements. There are no other related party transactions requiring disclosure.

**13. GROUP STRUCTURE**

Moat Homes Finance plc is a subsidiary undertaking of Moat Homes Limited. The results of the Company have therefore been consolidated within the parent financial statements, which are available on request from:

**The Company Secretary,  
Moat Homes Limited  
Mariner House  
Galleon Boulevard  
Crossways  
Dartford  
Kent  
DA2 6QE**

**14. LEGISLATIVE PROVISIONS**

Moat Homes Finance plc is incorporated under the Companies Act 2006.