Connexus

Herefordshire Capital PLC

Financial Statements for the year ending 31 March 2026



Company Number 09279170

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Company Information

Board Members:

Member	Appointment	Date of Appointment	Resigned/ Retired
Patricia Anne Turner	Board member	19/03/2025	
Michele Ibbs	Board member	14/10/2022	03/09/2025
Kathryn Smith	Board member	29/01/2024	
James Taylor	Board member	19/03/2025	16/07/2025
Julian Bill	Board member	03/12/2025	
Philip Ingle	Chair - Board member	03/12/2025	

Company Secretary:

Vikki Hall -
Interim Governance Consultant (appointed 29 November 2024, resigned 04 June 2025)

Gemma Bourne -
Head of Governance & Risk and Company Secretary (appointed 4 June 2025)

Company registration number:
Company registration number 09279170. Registered as a Public Limited Company.

Registered office:
The Gateway, The Auction Yard, Craven Arms, Shropshire, SY7 9BW

Executive Directors:

Chief Executive	Kathryn Smith
Property Director	Fleur Whittingham (until 26 June 2026)
Finance Director	James Taylor (until 16 July 2026)
Chief People Officer	Matt Pitt
Chief Operating Officer	Nick Batt

External Auditor:
Crowe U.K. LLP, 4th Floor, St James House, St James' Square, Cheltenham, Gloucestershire, GL50 3PR

Internal Auditor:
Menzies, One Express, 1 George Leigh Street, Manchester, M4 5DL until 31 March 2026

Validera, Unit 3 Crompton Court, Attwood Road, Burntwood, Staffordshire, WS7 3GG - from 01 April 2026

Bankers:
Barclays Bank PLC, PO Box 3333, One Snowhill Queensway, Birmingham, B3 2WN

BNYM, 160 Queen Victoria Street, Suite 200, London, EC4V 4LA

Report of the Directors

The Board presents its report and the audited financial statements for the year ended 31 March 2026.

Registration Details
Herefordshire Capital plc is a company limited by shares registered under Companies Act 2006 (No. 9279170). The Company is a subsidiary of Connexus Homes Limited, and a member of the Connexus Homes Group (The "Group").

Directors and Directors' Indemnities
The directors of the Company who were in office during the period and up to the date of signing the financial statements are set out on page 3. As permitted by the Articles of Association, the directors have the benefit of an indemnity which is a qualifying third-party indemnity provision as defined by Section 234 of the Companies Act 2006.

The indemnity was in force throughout the financial period and is currently in force. The Company also purchased and maintained throughout the period directors' and officers' liability insurance in respect of itself and its directors. As at 31 March 2026 no qualifying third-party indemnity provisions were granted to any directors.

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

Auditors
Crowe U.K. LLP are the company's current external auditors. They were reappointed in September 2025. A recommendation to reappoint Crowe U.K LLP as external auditors will be made at the AGM.

Health and Safety
Connexus Homes Limited ensures, as ultimate parent, that the responsibilities of the Company under Health and Safety legislation are met and ensures regular inspections and reviews as part of its compliance procedures.

Corporate Governance Statement
The company's internal control and risk management system in relation to financial reporting processes about share capital structures are described in Note 14.

Dividends
All profits of the company are distributed to the parent by way of gift aid.

Political and charitable contributions
The Company made no political or charitable donations or incurred any political expenditure during the period.

Annual General Meeting
The annual general meeting of the parent Connexus Homes will be held on 16 September 2026.

Signed for and on behalf of the Board

Philip Ingle

Philip Ingle
Chair
16 September 2026

Strategic Report

Principal activities

The principal activity of the Company is to act as the capital markets issuance vehicle for Connexus Homes Limited. It also undertakes investment activity on behalf of Connexus Homes Limited (CHL). Herefordshire Capital plc on-lends all of its proceeds from capital market transactions to Connexus Homes Limited under a guarantee and security trust basis. The underlying assets of the issuance belong to Connexus Homes Limited through a Security Trust arrangement with Prudential Trustee Company Limited.

Parent Company

Herefordshire Capital plc. is a subsidiary of Connexus Homes Limited which is a Cooperative and Community Benefit Societies Act 2014, Registered Society No. 8376. CHL is also registered as a social housing provider and regulated by the Regulator of Social Housing in accordance with the Housing and Regeneration Act 2008, Registered No. LH4353.

Business Review

In total a bond of £120m was arranged, £85m was issued in November 2014. In November 2016, the final £35m retained bond was sold generating a bond premium of £5.1m. The proceeds of the retained bond were drawn in 5 tranches with an initial £5m received immediately and the remaining £30m being deferred drawn in 4 tranches over 2 years. The retained bond structure enabled the company to mitigate the cost of carry-on excess funds whilst locking in the favourable gilt rates in the market. The final tranche was drawn down in November 2018.

The group is well funded with a comfortable level of cash and undrawn available facilities, covering more than 18 months planned expenditure.

Herefordshire Capital plc is rated A3 by Moody's Investor Services, having maintained its overall rating as a result of the solid financial performance and greater certainty about the level of support from central government for the housing sector as a whole, but a negative outlook noting the challenges the sector is facing.

The funds raised by the original bond-issue and subsequent retained bond sale have been on lent to Connexus Homes Ltd to fund its development programme and for general corporate purposes.

The bond is secured by a portfolio of social housing properties owned by Connexus Homes Ltd. The properties are valued at Existing Use Value – Social Housing (EUV-SH).

The bond issue requires the following covenants to be met:

- Asset Cover of 105% of EUV-SH and 115% of Market Value subject to Tenancies (MV-T)
- Portfolio interest cover: Net Annual Income in respect of the properties secured against the loan will not be less than 100 per cent of the amount of interest.

Despite the challenging economic environment, Group operating surplus improved to £18.4m, compared to £16.9m in the previous year. Connexus Homes Limited delivered an extensive repairs programme and capital improvement programme in year, improving the quality of its housing stock which will strengthen its position in the long term. Its rent collection performance was strong compared to peers. It has strong liquidity and available security to meet its future business plans which provides assurance about its going concern status.

Connexus Homes Limited has a healthy level of available uncharged security. A group full market valuation was undertaken in 2023 by Savills Valuers. The valuation saw a significant uplift on the values received in 2020 which were subject to a material uncertainty clause.

There are circa 2,878 uncharged dwellings available for security which have an estimated valuation of £166.2m, against which further security can be applied if required. These pools are being managed in line with future funding plans, funder security covenant requirements, and market changes to the extent they effect security valuations.

Financial risk management

The Company's operations expose it to a variety of financial risks that include the effects of cash flow risk, credit risk and liquidity risk. The Group has in a place a risk management process that seeks to limit the adverse effects on the financial performance of the Company by monitoring levels of debt finance and related finance costs.

The main risk facing Herefordshire Capital plc is that it is unable to make interest or principal payments when they fall due. This risk is mitigated as Herefordshire Capital plc on lends funds under secured loan agreements which are backed by the housing assets of the borrower. Further information about financial risk management is shown in Note 14 of these financial statements.

Credit risk

The credit risk is mitigated through a number of factors, including the housing asset security that stands behind the loan to CHL, the overall credit worthiness of the Group, the guarantees that CHL has issued to the Company and the contractual protections in the loan agreement itself.

Liquidity risk

The Company actively lends the full amount of the loans it has itself borrowed, thus the entity has assets to offset its liabilities and interest receivable to offset its interest payable which reduces the liquidity risk.

Cash flow risk

In order to ensure the stability of cash outflows and hence manage interest rate risk, the Company has a policy of matching interest payable on its borrowing to the interest receivable on its loan debtors. At 31 March 2026 100% of the Company's debt was on fixed rate terms. The company does not use derivative financial instruments to manage interest rate costs.

Statement of Corporate Governance (Section 172 Statement)

The company was set up solely to raise finance to on-lend to the parent Organisation, Connexus Homes Limited, and operated purely as a group funding vehicle.

The company has no direct employees, with officers of the Group ensuring the company maintains its business relationships with its bankers, legal representatives, and credit rating agencies.

The company has adopted the Groups policies, and Directors fully understand their duties which are outlined on page 8 and 9 along with the corporate governance statement.

The parent company has high governance standards and maintained those standards during the financial year. The rating downgrade from G1 to G2 from the Regulator of Social Housing during the financial year was anticipated following self -referral. Despite this the Parent Company remains compliant, and an action plan is in place to address areas for improvement.

The company has on lent all of its funds to the parent organisation to enable it to meet its strategic aims to develop and invest in housing in Herefordshire and Shropshire and its Board members comprise of the three Board members and one executive member of parent company.

Key Performance Indicators

The company operates as a Group funding vehicle and as such has no specific key performance indicators. The entity is monitored against the original performance model and is thus expected to break even.

Post Balance Sheet Events

There are no post balance sheet events to disclose.

The strategic Report is signed for and on behalf of the board by

Philip Ingle

Philip Ingle
Chair
16 September 2026

Statement of directors' responsibilities

The Board is responsible for preparing the Strategic Report, the Board's Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Board to prepare financial statements for each financial year. Under that law the Board have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

Under company law the Board 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 and loss of the Company for that period.

In preparing these financial statements, the Board is required to:

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

The Board is responsible for keeping adequate books of account that disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that its financial statements comply with the Companies Act 2006.

It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

The Board is 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.

Corporate Governance Statement

The Board of Herefordshire Capital PLC are responsible for operating the Company in accordance with its rules. The Company must maintain a minimum of 2 directors.

The Group Board is responsible for the Group's strategic direction. Day to day management and implementation is delegated to the Connexus Homes Group Board. The Board have overall responsibility for ensuring that systems of internal control are established and maintained.

The Board is ultimately responsible for ensuring that the company maintains a system of internal control that is appropriate to the business environments in which it operates.

Internal control systems are designed to meet the particular needs of the Company and the risks to which it is exposed. The Board recognises that no system of internal control can provide absolute assurance against material misstatement or loss or eliminate risk of failure to achieve business objectives.

The system of internal control is designed to manage key risks to provide reasonable assurance that planned business objectives and outcomes are achieved. It also exists to give reasonable assurance with respect to:

- the reliability of the financial and operating information and;
- safeguarding of the Company's assets and interests.

In meeting its responsibilities, the Board has adopted a risk-based approach to internal controls which are embedded within the normal management and governance process. This approach includes the regular evaluation of the nature and extent of risks to which the Company is exposed, internally through the wider management team and externally through independent internal and external audit.

Regular management reporting on control issues provides assurance to successive levels of management and to the Board, with overview and structured feedback through the Boards Audit and Risk Committee. The arrangements include rigorous procedure, monitored by the Audit and Risk Committee, for ensuring that corrective action is taken in relation to any significant control issues. Financial governance is monitored by the Audit and Risk Committee and Group Board.

The key elements of the internal control framework include:

- The Board being directly responsible for strategic risk management
- Delegation of authority to the Audit and Risk Committee to monitor internal control
- The Leadership team compiling and monitoring the key business risks
- Monthly management accounts aligned to the needs of the business providing reliable, relevant and up to date financial information with significant variances from budgets being investigated
- Significant new initiatives being evaluated and approved in accordance with the Standing Orders and Financial Regulations of the Company
- HR policies and procedures designed to ensure that all colleagues are aware of their roles and responsibilities in terms of the internal control framework.

Philip Ingle

Philip Ingle
Chair
16 September 2026

Independent Auditor's Report to the Members of Herefordshire Capital PLC

Opinion

We have audited the financial statements of Herefordshire Capital PLC (the "Company") for the year ended 31 March 2026 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Capital and Reserves 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).*

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2026 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice;
- 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 are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, as applied to public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

As the entity on-lends finance raised via the issuing of bonds to its immediate parent, Connexus Homes Limited, the principal risk facing the company is that the immediate parent will be unable to make its interest or principal payments when they fall due to the company, and this would impact on the company's ability to meet its obligations as they fall due and to conclude that it is a going concern.

The going concern of the company is therefore intrinsically linked to the going concern of the immediate parent entity, and management's assessment of going concern involves consideration about the ability of Connexus Homes Limited to adopt the going concern basis of accounting.

Our evaluation of the directors' assessment of the company's ability to continue to adopt the going concern basis of accounting included considering the ongoing financing arrangements and future cashflow projections for the Group headed by Connexus Homes Limited. The assessment covers the period of at least 12 months from the date of signing.

In respect of Connexus Homes Limited and its Group we have:

- Obtained an understanding of the budgeting and forecasting process followed by management for the Connexus Homes Limited and the group, including performing a retrospective review comparing the group's actual performance in the year to 31 March 2026 against the original budget to understand whether an indication of management bias exists;
- Obtained the Group's forecast covering the going concern period, and management's assessment of the going concern basis formed;
- Discussed the cash flow forecast with Group management, challenging key assumptions;
- Considered the availability of Group finance facilities at the year end and over the period of assessment and the amount available for drawdown;
- Considered whether there were any factors specific to the company which could give rise to a material uncertainty, other than in respect of the ability of the immediate parent to meet its obligations as they fall due;
- Considered the appropriateness of disclosures made in respect of going concern and ensuring it is consistent with our knowledge of the business.

We have no further observations arising from that evaluation

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 of our audit approach

Materiality

In planning and performing our audit, we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus on our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the financial statements as a whole to be £625,000 (2025: £500,000), a level based on the assets of the entity.

We use a different level of materiality (performance of materiality) to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment. Our performance materiality was set at 70% of financial statement materiality, amounting to £435,400 (2025: £350,000).

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit and Risk Committee to report to all identified errors in excess of £31,250 (2025: £25,500). Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Overview of the scope of our audit

Our audit procedures, which are designed primarily to enable us to form an opinion on your financial statements, were carried out in accordance with International Standards on Auditing (UK). Our work combines substantive procedures involving direct verification of balances and transactions, including obtaining confirmations from third parties where we considered this to be necessary, with a review of certain financial systems and controls.

No restrictions were placed on our audit, and we have been able to undertake our work as set out in our Audit Planning Report.

Our evaluation of the systems of control at Herefordshire Capital PLC was carried out for the purposes of our audit and accordingly it is not intended to be a comprehensive review of systems and processes. It would not necessarily reveal all weaknesses in accounting practice or internal controls which a special investigation might highlight, nor irregularities or errors not material in relation to the financial statements.

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. These matters included 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, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We have identified the recoverability of amounts owed by Group undertakings as the only Key Audit Matter, and our observations on these are set out below. This does not represent the complete list of all risks identified by our audit.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually, and we express no such opinion.

Recoverability of amounts owed by Group undertakings

The primary purpose of Herefordshire Capital PLC is to issue bonds, source investor financing and on-lend to the immediate parent, Connexus Homes Limited. It therefore has long-term liabilities which relate to the bonds issued and long-term intercompany debtors as set out in note 11 to the financial statements which relate to the loans provided to the immediate parent.

Due to the significance of the potential impact to the company in the event of a default by the immediate parent, the risk that Connexus Homes Limited is unable to meet its obligations is considered to be the area that had the greatest effect on our overall audit of the Company.

Our response

Our procedures included:

We considered the position of the immediate parent at the year end, including reviewing the levels of reserves, financing and the long-term forecasts prepared to identify whether there is any indication that Connexus Homes will not be able to cover the debt owed or interest as it falls due.

We agreed the debtor recognised by the company to the corresponding liability within Connexus Homes.

We reviewed the loan documentation between the parent and the company confirming the planned repayment date.

Our results

The intercompany balance was agreed to Connexus Homes, with the ageing of the loan agreed to the corresponding agreement.

Based on the work undertaken, we are satisfied that the judgements applied by management in determining the recoverability of debtors are appropriate.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

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 our 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 directors' report 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 by the Company, 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 the directors for the financial statements

As explained more fully in the directors' responsibilities statement set out on page 8 and 9, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We identified and assessed the risks of material misstatement of the financial statements from irregularities, whether due to fraud or error, and discussed these between our audit team members. We then designed and performed audit procedures responsive to those risks, including obtaining audit evidence sufficient and appropriate to provide a basis for our opinion.

We obtained an understanding of the legal and regulatory frameworks within which the company operates, focusing on those laws

and regulations that have a direct effect on the determination of material amounts and disclosures in the financial statements such as the Companies Act 2006. We assessed the required compliance with these laws and regulations as part of our audit procedures on the related financial statements items.

In addition, we considered provisions of other laws and regulations that do not have a direct effect on the financial statements but compliance with which might be fundamental to the company's ability to operate or to avoid a material penalty. We also considered the opportunities and incentives that may exist within the company for fraud. The laws and regulations we considered in this context for the UK operations in addition to the Companies Act 2006, was taxation legislation.

Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Directors and other management and inspection of regulatory and legal correspondence, if any.

We identified the greatest risk of material impact on the financial statements from irregularities, including fraud, to be in the potential override of controls by management. Our audit procedures to respond to these risks included enquiries of management and the Group Audit and Risk Committee about their own identification and assessment of the risks of irregularities, sample testing on the posting of journals, reviewing accounting estimates for biases, reviewing regulatory correspondence, and reading minutes of meetings of those charged with governance.

Owing 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 the ISAs (UK). For example, the further removed non-compliance with laws and regulations (irregularities) is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it. In addition, 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 non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

Other matters which we are required to address

We were appointed by Members of the Board on 3 May 2022 to audit the financial statements for the period ending 31 March 2022. Our total uninterrupted period of engagement is five years, covering the periods ending 31 March 2026.

Non-audit services prohibited by the FRC's Ethical Standard have not been provided to the Company, and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the report to the Audit and Risk Committee in accordance with ISAs (UK).

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.

Guy Biggin
Senior Statutory Auditor

For and on behalf of
Crowe U.K. LLP, Statutory Auditor, 4th Floor
St James House, St James Square
Cheltenham, GL50 3PR

Statement of Comprehensive Income

	Notes	2026 £'000	2025 £'000
Turnover	4	**125**	109
Operating expenditure	5	**(15)**	(14)
Operating profit on ordinary activities		**110**	**95**
Interest receivable	6	**5,035**	5,036
Interest and financing costs	7	**(5,019)**	(5,009)
Total profit for the year before taxation		**126**	**122**
Tax on profit on ordinary activities	9	**-**	**-**
Total profit after tax and comprehensive income for the year		**126**	**122**

The results in the period are in respect of continuing operations.

Statement of Financial Position as at 31 March 2026

	Notes	2026 £'000	2025 £'000
Debtors: amounts falling due after more than one year	11	**119,342**	**119,322**
Current assets			
Debtors	11	**5,783**	5,908
Short term investments	10	**82**	79
Cash and cash equivalents	10	**9**	7
		5,874	**5,994**
Creditors: amounts falling due within one year	12	**(1,858)**	(1,847)
Net current assets		**4,016**	**4,147**
Creditors: amounts falling due after more than one year	13	**(123,345)**	**(123,456)**
Total net assets		**13**	**13**
Capital and reserves			
Called up share capital	16	**13**	13
Income and expenditure account		**-**	-
Equity shareholders' funds		**13**	**13**

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

Philip Ingle

Philip Ingle
Chair
16 September 2026

Gemma Bourne

Gemma Bourne
Company Secretary

Statement of Changes in Capital and Reserves

	Share capital £'000	Income and expenditure reserve £'000	Combined total capital and reserves £'000
Balance as at 1 April 2024	**13**	**-**	**13**
Profit for the year	-	122	**122**
Distribution to shareholders in the form of gift aid	-	(122)	**(122)**
Balance at 31 March 2025	**13**	**-**	**13**
Profit for the year	-	**126**	**126**
Distribution to shareholders in the form of gift aid	-	**(126)**	**(126)**
Balance at 31 March 2026	**13**	**-**	**13**

Notes to the Financial Statements

1. Legal status

Herefordshire Capital is a public limited company, incorporated in England on 24 October 2014.

Company Registration Number 09279170

Registered Address:
The Gateway
The Auction Yard
Craven Arms
Shropshire
SY7 9BW

2. Accounting policies

The following accounting policies have been adopted as being appropriate to the Company's circumstances with regard to giving a true and fair view and have been applied consistently in dealing with items which are considered to be material in relation to the Company's financial statements.

a. Cash flow

The Company is exempt from producing a cash flow statement in accordance with FRS102 as it's a wholly owned subsidiary as detailed below.

b. Basis of Accounting

The financial statements have been prepared in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS102) and the Companies Act 2006. They have been prepared under the historical cost, and on an accrual and going concern basis.

As the company is a wholly owned subsidiary of Connexus Homes Limited, the Company has taken advantage of the exemption contained in FRS102 and has therefore not disclosed transactions with entities which form part of the Connexus Homes Group.

The presentation currency of their financial statements is sterling. All amounts in the financial statements have been rounded to the nearest £1,000.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these financial statements.

c. Going concern

The financial statements have been prepared on a going concern basis and given the nature of the business the company is reliant on the parent entity. In making this assessment, the directors consider it to be appropriate for the following reasons;

The Group prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in June 2026 by the Board. The Business plan considers the assessed principal risks and other matters discussed in connection with the Viability statement of the group.

In order to reach this conclusion, the Board have considered:

- The property market – budget and business plan scenarios have taken account of delays in handovers, lower numbers of property sales, reductions in sales values, and potential conversion of market sale to social homes.
- Maintenance costs – budget and business plan scenarios have been modelled to take account of increased volume, cost increases, and delays in maintenance expenditure, a compliance only programme and major works being phased into future years.
- Rent and service charge receivable – arrears and bad debts have been increased to allow for customer difficulties in making payments and budget and business plan scenarios to take account of potential future reductions in rents.
- Increases to inflation, management costs, and interest (SONIA) rates and the associated impacts on affordability.
- The Group's ability to tolerate one-off financial shocks.
- Liquidity - available cash and unutilised loan facilities at the financial year end was £103.5m (2025: £92m), a further £40m due from fixed lending in October 2026. This gives significant headroom for committed spend and other forecast cash flows that arise.
- The Group's ability to withstand other adverse scenarios such as higher interest rates and number of void properties.
- The Group's continued ability to generate operating surpluses and positive operating cashflows.

The Group's headroom in its financial covenants aligned to the risk appetite set by the Group Board through the adoption of a set of Golden Rules.

The board believe the group and company has sufficient funding in place and expect the group to be compliant with its debt covenants even in severe but plausible downside scenarios. The Directors are confident that the Group and parent will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have continued to adopt the going concern basis in their preparation.

As well as considering the impact of a number of scenarios on the business plan, the Board also adopted a stress testing framework against the base plan linked to the strategic risk register. The stress testing impacts were measured against loan covenants and peak borrowing levels at an entity level, compared to agreed facilities. Following the practice adopted in previous years, the Group has undertaken a series of further scenario testing including severe but plausible downsides in the 'Perfect Storm' worst case assessment. The risk mitigation plan has been fully reviewed and contains levers to respond to and mitigate any breaches identified in the stress test.

The board, after reviewing the group and company budgets for 2026/27, and the group's medium term financial position as detailed in the 30-year business plan, which includes changes to economic assumption in the current

operating environment, is of the opinion that, taking account of severe but plausible downsides, the group and company have adequate resources to continue in business for a period of at least 12 months from the date of approval of these financial statements (the going concern assessment period).

d. Financial Instruments

The company has applied the requirements of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS102, in full, to its financial instruments.

The Company only enters into basic financial instrument transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties and loans to related parties. Debt instruments are subsequently carried at amortised cost using the effective interest rate method.

e. Financial assets

Financial assets are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets are recognised at amortised cost. Following initial recognition, all financial assets have been classified as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Intercompany debtors are classified as loans and receivables. Loans and receivables are measured after initial recognition at amortised cost discounted at a rate equal to the original effective rate, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the Statement of Comprehensive Income.

f. Financial liabilities

Financial Liabilities are obligations to pay cash or other financial assets and are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities are recorded initially at fair value, net of direct interest costs.

The only financial liabilities held are classified as other liabilities, and consequently are initially recorded at fair value, and subsequently at amortised cost.

Premiums received on the sale of bonds and the associated transaction costs of finance are amortised using the effective interest method.

Financial liabilities are derecognised only when obligation is extinguished; that is when the obligation is discharged, cancelled or expires.

With the exception of the Company's borrowings (Note 12 and Note 13), there is no difference between the carrying value and fair value of the Company's financial assets and liabilities.

g. Cash and liquid resources

Cash comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market. Liquid resources comprise term deposits of less than one year (other than cash).

h. Turnover

The Company's turnover is derived from recharges to Connexus Homes Limited in order to recover any administrative and other expenses and certain costs of financing in the period. Additionally, it received interest from Connexus Homes.

Turnover is recognised when it is probable that economic benefits associated with the transaction will flow to the company, and the turnover can be reliably measured.

i. Interest payable or receivable

Interest payable or receivable is accrued over the term of the related borrowings/loan so as to give a constant effective interest rate of interest over the life of the loan or deposit.

j. Corporation tax

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit and loss and is the expected tax payable or receivable on the taxable income or loss for the period, and any adjustment to tax payable in respect of previous years. Tax credit in respect of gift aid is recognised at the point where the gift aid obligation is created.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

k. Estimates and judgements

Segmental reporting:

The company has one class of business from which it derives its income, being to provide funding to Connexus. All interest income, expenditure and net assets are derived from UK operations.

The company has a public listed bond which is judged as a basic bond and accounted for at amortised cost. If the bond was considered to be non-basic, it would be disclosed at fair value.

The company also has intercompany balances; the recoverability of this balance is judged through risk management, and the assessment of going concern and credit worthiness for Connexus Homes Limited.

3. Directors' emoluments and employee remuneration

None of the Directors receive remuneration for their services as a director of Herefordshire Capital plc. Those directors who also serve on the Connexus Homes Limited Board are remunerated for their services by Connexus Homes Limited.

Herefordshire Capital plc has no direct employees. Those employees who perform duties for Herefordshire Capital plc are remunerated by the parent company, Connexus Homes Limited.

4. Turnover

The Company's turnover is derived from recharges to Connexus Homes Limited in order to recover any administrative expenses (e.g. Audit fees, loan related charges) incurred in providing services on behalf of the group.

5. Operational expenditure

Operating expenditure includes fees due to external bodies for the administration of the entity due (e.g. audit fees, tax compliance fees, and bank charges) incurred in providing services on behalf of the group.

6. Interest receivable

	2026 £'000	2025 £'000
Interest receivable from deposits and investments	**3**	4
Interest receivable from on-lending of Bond	**5,032**	5,032
	5,035	**5,036**

7. Interest and financing costs

	2026 £'000	2025 £'000
Interest payable in respect of the bond	**5,032**	5,032
Interest payable to Connexus Homes from investing activities	**3**	4
Other charges	**91**	77
	5,126	**5,113**
Loan amortisation	**19**	18
Bond premium amortisation	**(126)**	(122)
	5,019	**5,009**

8. Operating profit

	2026 £'000	2025 £'000
Operating profit is arrived after charging:		
- Auditors' remuneration for external audit services (excluding VAT)	**9**	9

9. Tax on profit on ordinary activities

	2026 £'000	2025 £'000
Current tax		
UK corporation tax on surplus for the year	**-**	**-**
Total current tax	**-**	**-**
Total tax reconciliation		
Profit on ordinary activities before tax	**126**	122
Theoretical tax at UK corporation tax rate 25%	**32**	31
Tax credit on gift aid	**(32)**	(31)
Total tax expense included in profit or loss	**-**	**-**

Corporation tax liability in 2026 and 2025 was Nil due to full gift aid. As at 31 March 2026 there is no liability for deferred taxation.

10. Cash and short-term investments

	2026 £'000	2025 £'000
Short-term investments		
BlackRock Sterling Government Liquidity Fund	**82**	**79**
	82	**79**
Cash and cash equivalents	**9**	**7**
Total cash and short-term investments	**91**	**86**

The cash is held in non-interest bearing bank accounts.

11. Trade and other debtors

	2026 £'000	2025 £'000
Due within one year:		
Trade and other debtors	**-**	-
Amounts owed by group undertakings	**5,803**	5,927
Less: deferred loan arrangement fees	**(20)**	(19)
	5,783	**5,908**
Due after one year:		
Amounts owed by group undertakings	**120,000**	120,000
Less: deferred loan arrangement fees	**(658)**	(678)
	119,342	**119,322**
	125,125	**125,230**

12. Creditors: amounts falling due within one year

	2026 £'000	2025 £'000
Accruals and deferred income	**1,747**	1,740
Less: deferred loan arrangement fees	**(20)**	(19)
Deferred bond premium	**131**	126
	1,858	**1,847**

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

	2026 £'000	2025 £'000
Bonds	**120,000**	120,000
Less: deferred loan arrangement fees	**(658)**	(678)
Deferred bond premium	**4,003**	4,134
	123,345	**123,456**

14. Financial instruments

Fair values of financial instruments

The fair value of financial assets and liabilities by class together with their carrying amounts are shown in the statement of financial position as follows.

	Carrying Amount £'000	Fair Value 2026 £'000	Fair Value 2025 £'000
Financial assets			
Other loans and receivables	(120,000)	(85,126)	(89,448)

	Carrying Amount £'000	Amortised Cost 2026 £'000	Amortised Cost 2025 £'000
Financial liabilities measured at amortised costs			
Other interest-bearing loans and borrowings	(120,000)	**(119,322)**	(119,303)

	2026 £'000	2025 £'000
Lump sum repayments:		
In five years or more	**120,000**	120,000
	120,000	120,000

The fair value of trade and other receivables is estimated as the present value of future cashflows, discounted at the market rate of interest at the balance sheet date if the effect is material.

Herefordshire Capital plc has no financial instruments measured at fair value, so fair value hierarchy disclosure requirements do not apply.

All financial assets held by the Company (Loans and Receivables) qualify to be held at amortised cost, therefore the requirement to disclose the effect of changing the inputs in calculation of fair values is not considered applicable.

On 31 March 2026, the fair value of the Company's long-term debt was £85.1m.

The fair value of financial assets was estimated by external treasury advisors Savills at the year end. The Fair Value of the Bond has decreased as underlying gilt yields increased between March 2025 and March 2026 largely as a result of investor concerns around the levels of government borrowing and the sustainability of the UK's fiscal position. This has made the Herefordshire Capital Bond less attractive to new bond issues which has reduced its valuation. There is no risk to Herefordshire Capital plc as a result of the change in fair value due to Bonds always being repaid at par.

Financial risk management

Risk management

The Financial Control and Compliance team is responsible for the management of funds and control associated risks. Its activities are governed by the Group Board who are responsible for treasury issues in all Connexus Homes Limited legal entities which includes this Company.

Credit risk

All of the Company's capital market financing proceeds are immediately on-lent to Connexus Homes Limited which represents the only credit risk to the Company.

The credit risk is mitigated through a number of factors, including the housing asset security that stands behind the loan to Connexus Homes Limited, the overall credit worthiness of the Group, the guarantees that Connexus Homes Limited has issued to the Company and the contractual protections in the loan agreement itself.

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

The Company actively lends the full amount of the loan it has itself borrowed, thus the entity has assets to fully offset its liabilities and interest receivable to offset its interest payable.

The contractual maturities of the financial liabilities, including estimated interest payments and excluding the effect of netting agreements are in 24 years. The debt is repayable as follows:

	2026 £'000	2025 £'000
Lump sum repayments:		
In five years or more	**120,000**	120,000
	120,000	**120,000**

Unless previously redeemed, or purchased and cancelled, the Bonds will be redeemed at their Outstanding Principle Amount in ten equal instalments on the Interest Payment Dates falling on, and including, 28th May 2045 to, and including, 28th November 2049 (each an Instalment Redemption Date and the latter being the Maturity Date).

Interest rate risk

The Company currently borrows on a fixed rate basis from the capital market and then on-lends to Connexus Homes Limited on a similar fixed rate basis. As such the Company does not bear and interest rate risk, apart from the underlying credit risk to Connexus Homes Limited, as discussed above.

The Company does not have any hedging activities, and it does not have any derivatives.

The interest rate on all borrowings is fixed at 4.193% until 2049.

15. Analysis of changes in net debt

	At beginning of the year 1 April 2025 £'000	Cashflow £'000	Non Cash £'000	At end of the year 31 March 2026 £'000
Cash at bank and in hand	7	2	-	**9**
Short term investments	79	3	-	**82**
Debt due after one year	(120,000)	-	-	**(120,000)**
Bond arrangement fees	697	-	(19)	**678**
Bond premium	(4,260)	-	126	**(4,134)**
Total	**(123,477)**	**5**	**107**	**(123,365)**

16. Called up share capital

	2026 Number	2025 Number
Allotted, issued and quarter paid shares of £1 each on incorporation (Value recognised in SOFP £12,500)*	**50,000**	50,000
Shares issued during the financial year	**-**	-
Returned shares	**-**	-
Number of shares At 31 March	**50,000**	**50,000**

Share capital 25% paid and recognised in the Statement of Financial Position due to no Call Notice having been issued on the remaining 75% at the time of signing the financial statements balance sheet events

There are no significant post balance sheet events requiring adjustment to, or disclosure in, the financial statements.

17. Ultimate parent undertaking and controlling party

The Company is a wholly owned subsidiary of Connexus Homes Limited, a company registered under the Cooperative and Community Benefits Society Act 2014 and registered by the Homes and Communities Agency, and has taken advantage of the following exemptions:

- Exemption from producing a cash flow statement in accordance with FRS 102
- Exemption from disclosing transactions or balances with entities which form part of the Group.

The consolidated financial statements of Connexus Homes Limited are available from the Company Secretary, Connexus Homes Limited, The Gateway, The Auction Yard, Craven Arms, Shropshire, SY7 9BW.

Connexus

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Connexus Homes Limited (Trading as Connexus) is a charitable Community Benefit Society registered under the Co-operative and Community Benefit Societies Act 2014 - registered number: 8376 and registered as a Registered Provider with the Regulator of Social Housing - registration number: LH4353 whose registered office is at The Gateway, The Auction Yard, Craven Arms, Shropshire, SY7 9BW