

SANCTUARY TREASURY LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

Company Number: 06805064

Contents	Page
Directors and advisors	2
Strategic Report	3
Directors' Report	5
Statement of Directors' Responsibilities	6
Independent Auditor's Report	7
Profit and Loss Account	11
Balance Sheet	12
Statement of Changes in Equity	13
Notes to the financial statements	14

Sanctuary Treasury Limited

Directors and advisors

Directors

Luigi Belli
Ed Lunt
Craig Moule

Company secretary

Nicole Seymour

Registered office

Sanctuary House
Chamber Court
Castle Street
Worcester
WR1 3ZQ

Registered Number

Company Number: 06805064

Independent statutory auditor

KPMG LLP
One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

Internal auditor

PricewaterhouseCoopers LLP
One Chamberlain Square
Birmingham
B3 3AX

Banker

Barclays Bank PLC
Barclays Corporate
Social Housing Team
Level 27
1 Churchill Place
London
E14 5HP

Legal advisor

Gowling WLG (UK) LLP
Two Snowhill
Birmingham
B4 6WR

Sanctuary Treasury Limited

Strategic Report for the year ended 31 March 2025

Principal activities

The principal activity of Sanctuary Treasury Limited (the Company) is to act as an onward lender of bond monies, raised via the debt capital markets by its subsidiary Sanctuary Capital PLC, and loan monies, from other providers to entities within the Sanctuary Group (the Group), of which the Company is a part.

Review of the business and future developments

The Directors are satisfied with the results for the year, a profit of £73,000 (2024: £58,000), and expect future performance to continue on the same basis.

At 31 March 2025, Sanctuary Treasury Limited (the Company) had £2,292,773,000 (2024: £2,208,287,000) on-lent in loans to fellow Group subsidiaries.

Interest received from fellow Group subsidiaries is used to make interest payments on bonds issued by Sanctuary Capital PLC and loans from other providers. At the end of the life of the bonds and loans, the principal paid by the Group subsidiaries will repay the balances owed.

During the year, the Company refinanced a maturing £75 million loan which was increased to £125 million. It also agreed a new additional tranche of revolving credit facility with an existing lender of £75 million for a period of 10 years. The Company utilises revolving credit facilities to meet short-term fluctuations in cash flow of its borrowers. Therefore, whilst new and existing credit facilities have been agreed, they will only be drawn on when they are required.

Based on a detailed assessment of the cash flow forecasts of the Group, including the Company's borrowers, which have been updated to cover a period of at least 12 months from the date of approval of these financial statements and have been subjected to a number of plausible downside scenarios, the Directors are confident in the ability of the borrowers to continue to meet their obligations in line with existing agreements.

Financial risk management

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

Interest rate 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 rates receivable on its loan debtors. At 31 March 2025, 75.4% (2024: 78.8%) of the Company's debt was on fixed rate terms. There is no intention to repay any debt prior to maturity; therefore any movement in the market value of debt due to changes in interest rates is not deemed material to the ongoing operations of the Company.

Liquidity risk

The Company either invests or on-lends loans it has itself borrowed, thus the entity has assets to fully offset its liabilities and interest receivable to offset its interest payable.

Credit risk

Attached to the intercompany borrowings is a financial guarantee from Sanctuary Housing Association, Sanctuary Scotland Housing Association Limited and Sanctuary Affordable Housing Limited, who draw down monies from the Company, which is secured by first legal mortgages over property assets with a value in excess of total borrowings. All of these borrowers have signed up and agreed to the guarantee and security agreement with Sanctuary Capital PLC and other beneficial loan providers under the security trust structure.

Sanctuary Treasury Limited

Strategic Report for the year ended 31 March 2025 (continued)

Results and Gift Aid payments

The results of the Company for the year ended 31 March 2025 are set out on page 11. The Directors approve a Gift Aid payment to the ultimate parent undertaking of £97,000 (2024: £77,000). The Directors do not recommend the payment of a dividend (2024: £nil).

By order of the Board

Signed by:

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Craig Moule
Director

18 August 2025

Sanctuary Treasury Limited

Directors' Report for the year ended 31 March 2025

The Directors present their annual report and audited financial statements for the year ended 31 March 2025.

Directors

The Directors of the Company who held office during the year and to the date the financial statements were signed were:

Luigi Belli
 Ed Lunt
 Craig Moule (Chairperson)

Company Secretary

Nicole Seymour

Going concern

The Company's principal activities, together with factors likely to affect its future performance, are set out in the Strategic Report on pages 3 to 4.

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

The Directors have prepared a going concern assessment, based on consideration of cash flow forecasts, for a period of at least 12 months from the date of approval of these financial statements (the going concern assessment period), taking account of a number of plausible downside scenarios. In forming their view, the Directors have taken into consideration the borrowing structure (guarantee and security) in place with Sanctuary Housing Association, Sanctuary Scotland Housing Association Limited and Sanctuary Affordable Housing Limited.

Sanctuary Housing Association has provided a letter of support to the Board of its immediate subsidiaries Sanctuary Scotland Housing Association and Sanctuary Affordable Housing Limited to confirm that it intends, should the need arise, to provide financial and/or other support to these Associations, including, if required, not seeking repayment of amounts currently made available, for a period of at least 12 months from the date of these financial statements. Based on these considerations it has been concluded that the Company will have sufficient funds to meet its liabilities as they fall due for the period of assessment as the letter of support given to the companies referenced above provides the receivables of the company with support from the wider group.

As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the Company 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 have therefore prepared the financial statements on a going concern basis.

Information included in the Strategic Report

Information regarding performance and principal risks and uncertainties are included in the Strategic Report on page 3.

Sanctuary Treasury Limited

Statement of Directors' Responsibilities

The Directors are responsible for preparing the Strategic Report, the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law, they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

Disclosure of information to auditor

In the case of each Director in office at the date the Directors' Report is approved:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Independent statutory auditor

KPMG LLP has indicated its willingness to continue in office and a resolution concerning the appointment of the auditor will be proposed at the next Annual General Meeting.

By order of the Board

Signed by:

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Craig Moule
 Director

18 August 2025

Independent Auditor's Report To The Members Of Sanctuary Treasury Limited

Opinion

We have audited the financial statements of Sanctuary Treasury Limited ("the Company") for the year ended 31 March 2025 which comprise the Profit and Loss account, the Balance Sheet and the Statement of Changes in Equity and related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2025 and of its profit for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 101 Reduced Disclosure Framework; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Company in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Going concern

The Directors have prepared the financial statements on the going concern basis as they do not intend to liquidate the Company or to cease its operations, and as they have concluded that the Company's financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements ("the going concern period").

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the Company will continue in operation.

Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

- To identify risks of material misstatement due to fraud ("fraud risks") we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:
- Enquiring of directors, internal audit and inspection of policy documentation as to the Company's high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Company's channel for "whistleblowing", as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

Independent Auditor's Report To The Members Of Sanctuary Treasury Limited (Continued)

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, and our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition given the nature of the Company's revenue stream being simple, non-complex transactions and do not contain significant judgements or estimates. Furthermore, there is no history of significant or a high number of audit misstatements in relation to revenue and management is not incentivised on revenue directly.

We did not identify any additional fraud risks.

We performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included those posted to unusual accounts.

Identifying and responding to risks of material misstatement related to compliance with laws and regulations

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with the Directors (as required by auditing standards) and discussed with the Directors the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the Company is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related Companies legislation), distributable profits legislation, taxation legislation and pensions legislation and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the Company is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety, anti-bribery and employment law. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the committee and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

Context of the ability of the audit to detect fraud or breaches of law or regulation

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 auditing standards. For example, the further removed non-compliance with laws and regulations 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 fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

Independent Auditor's Report To The Members Of Sanctuary Treasury Limited (Continued)

Strategic Report and Directors' Report

The Directors are responsible for the Strategic Report and the Directors' Report. Our opinion on the financial statements does not cover those reports and we do not express an audit opinion thereon.

Our responsibility is to read the Strategic Report and the Directors' Report and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work:

- we have not identified material misstatements in the Strategic Report and the Directors' Report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or

We have nothing to report in these respects.

Directors' responsibilities

As explained more fully in their statement set out on page 6, the Directors are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; 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 they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities

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 our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

Independent Auditor's Report To The Members Of Sanctuary Treasury Limited (Continued)

The purpose of our audit work and to whom we owe our responsibilities

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.



Salmaan Khan (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

One Snowhill
Snow Hill Queensway
Birmingham
B4 6GH

19 August 2025

Sanctuary Treasury Limited

Profit and Loss Account for the year ended 31 March 2025

	Notes	2025 £'000	2024 £'000
Turnover		97	77
Operating profit	2	97	77
Interest receivable and similar income	3	107,923	95,349
Interest payable and similar expenses	4	(107,923)	(95,349)
Profit before tax		97	77
Tax on profit	5	(24)	(19)
Profit for the financial year		73	58

The profit for the current and prior year relates wholly to continuing activities.

There are no recognised gains and losses other than those included in the Profit and Loss Account above, therefore no Other Comprehensive Income Statement has been presented.

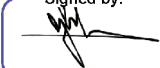
The notes on pages 14 to 24 form part of these financial statements.

Sanctuary Treasury Limited
Balance Sheet as at 31 March 2025

	Notes	2025 £'000	2024 £'000
Fixed assets			
Investment in subsidiaries	6	50	50
Current assets			
Debtors: amounts falling due within one year	7	39,146	34,769
Debtors: amounts falling due after more than one year	7	2,276,326	2,196,774
Cash at bank and in hand		647	747
		2,316,119	2,232,290
Creditors: amounts falling due within one year	8	(39,294)	(35,012)
Net current assets		2,276,825	2,197,278
Total assets less current liabilities		2,276,875	2,197,328
Creditors: amounts falling due after more than one year	9	(2,276,875)	(2,197,328)
Net assets		-	-
Reserves			
Profit and loss account		-	-
Total shareholders' funds		-	-

The notes on pages 14 to 24 form part of these financial statements.

The financial statements were approved by the Board of Directors on 18 August 2025 and signed on its behalf by:

Signed by:

 72A4179EC487409...
Craig Moule
 Director

Sanctuary Treasury Limited

Statement of Changes in Equity for the year ended 31 March 2025

	Profit and loss £'000	Total £'000
At 1 April 2023	-	-
Comprehensive income		
Profit for the financial year	58	58
Total comprehensive income	58	58
Transactions with owners		
Gift aid	(77)	(77)
Tax credit on gift aid	19	19
Total transactions with owners	(58)	(58)
At 31 March 2024	-	-
At 1 April 2024	-	-
Comprehensive income		
Profit for the financial year	73	73
Total comprehensive income	73	73
Transactions with owners		
Gift aid	(97)	(97)
Tax credit on gift aid	24	24
Total transactions with owners	(73)	(73)
At 31 March 2025	-	-

The notes on pages 14 to 24 form part of these financial statements.

Sanctuary Treasury Limited

Notes to the financial statements for the year ended 31 March 2025

1. Principal accounting policies

Sanctuary Treasury Limited is a private company, limited by guarantee, incorporated in England and Wales and domiciled in the UK.

The Company is classified as a financial institution.

Statement of compliance

These financial statements were prepared in accordance with Financial Reporting Standard 101 *Reduced Disclosure Framework* ("FRS 101").

In preparing these financial statements, the Company applies the recognition, measurement and disclosure requirements of UK-adopted international accounting standards (IFRS) but makes amendments where necessary in order to comply with Companies Act 2006 and has set out below where advantage of the FRS 101 disclosure exemptions has been taken.

The Company's ultimate parent undertaking, Sanctuary Housing Association includes the Company in its consolidated financial statements. The consolidated financial statements of Sanctuary Housing Association are prepared in accordance with UK-adopted international accounting standards (IFRS), are available to the public and may be obtained from Chamber Court, Castle Street, Worcester, WR1 3ZQ.

In these financial statements, the Company has applied the exemptions available under FRS 101 in respect of the following disclosures:

- Cash Flow Statement and related notes;
- disclosures in respect of transactions with wholly owned subsidiaries of the Group;
- the effects of new but not yet effective IFRSs;
- disclosures in respect of the compensation of Key Management Personnel; and
- disclosures of transactions with a management entity that provides key management personnel services to the Company.

As the Company is classified as a financial institution under FRS 101, it cannot claim the exemption for disclosures required by IFRS 13 *Fair Value Measurement* or for the disclosures required by IFRS 7 *Financial Instrument Disclosures*.

In accordance with section 400 of the Companies Act 2006, consolidated accounts have not been prepared as the Company is a wholly owned subsidiary of Sanctuary Housing Association, a housing association incorporated in England, which prepares consolidated financial statements to include the results of the Company and its subsidiaries.

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

Basis of preparation

The financial statements are presented in pounds sterling which is the Company's functional currency. Unless otherwise stated, amounts are denominated in thousands (£'000) rounded to the nearest £1,000.

Going concern

The Company's principal activities, together with factors likely to affect its future performance, are set out in the Strategic Report on pages 3 to 4.

The financial statements have been prepared on a going concern basis which the Directors consider to be appropriate for the following reasons.

Sanctuary Treasury Limited

Notes to the financial statements for the year ended 31 March 2025 (continued)

1. Principal accounting policies (continued)

Going concern (continued)

The Directors have prepared a going concern assessment, based on consideration of cash flow forecasts, for a period of at least 12 months from the date of approval of these financial statements (the going concern assessment period), taking account of a number of plausible downside scenarios. In forming their view, the Directors have taken into consideration the borrowing structure (guarantee and security) in place with Sanctuary Housing Association, Sanctuary Scotland Housing Association Limited and Sanctuary Affordable Housing Limited.

Sanctuary Housing Association has provided a letter of support to the Board of its immediate subsidiaries Sanctuary Scotland Housing Association and Sanctuary Affordable Housing Limited to confirm that it intends, should the need arise, to provide financial and/or other support to these Associations, including, if required, not seeking repayment of amounts currently made available, for a period of at least 12 months from the date of these financial statements. Based on these considerations it has been concluded that the Company will have sufficient funds to meet its liabilities as they fall due for the period of assessment as the letter of support given to the companies referenced above provides the receivables of the company with support from the wider group.

As with any company placing reliance on other group entities for financial support, the Directors acknowledge that there can be no certainty that this support will continue although, at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Consequently, the Directors are confident that the Company 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 have therefore prepared the financial statements on a going concern basis.

Investments

Investments in subsidiaries are recorded at cost, less any impairment for permanent diminutions in value.

Turnover

Where professional expenses are incurred by the Company, they are recharged proportionately to the relevant borrowing entities increased by an additional 5% reimbursement charge. This is included in turnover in the Profit and Loss Account.

Corporation tax

Tax on the profit or loss for the year comprises current tax. Tax is recognised in the Profit and Loss Account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Gift Aid

Where Gift Aid payments are made to the Company's parent undertaking, Sanctuary Housing Association, these are treated as a distribution of reserves.

Sanctuary Treasury Limited

Notes to the financial statements for the year ended 31 March 2025 (continued)

1. Principal accounting policies (continued)

Premium and discount amortisation

Premiums and discounts will be amortised on an effective interest rate basis over the life of the bond to which they relate.

Financial Instruments

Classification and subsequent measurement

a) Financial assets

On initial recognition, a financial asset is classified as measured at: amortised cost; fair value through other comprehensive income (FVOCI) – debt investment; FVOCI – equity investment; or FVPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All of the Company's financial assets are measured at amortised cost.

b) Financial liabilities

Financial liabilities are classified as measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is held-for-trading, it is a derivative or it is designated as such on initial recognition.

Financial liabilities not classified as FVPL are measured at amortised cost using the effective interest method. Interest expense is recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

All of the Company's financial liabilities are measured at amortised cost.

Expected Credit Losses

The Company recognises loss allowances for Expected Credit Losses (ECLs) on:

- financial assets measured at amortised cost, and
- contract assets measured at amortised cost.

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (that is the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive).

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument. Twelve-month ECLs are the portion of ECLs that result from default events that are possible within the 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months). The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

Sanctuary Treasury Limited

Notes to the financial statements for the year ended 31 March 2025 (continued)

1. Principal accounting policies (continued)

Expected Credit Losses (continued)

Loss allowances for trade receivables and contract assets are measured at an amount equal to lifetime ECLs. Other loss allowances are measured at an amount equal to lifetime ECLs, except for the following, which are measured at 12-month ECLs:

- debt securities that are determined to have low credit risk at the reporting date
- other debt securities and bank balances for which credit risk (that is the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

When determining whether the credit risk of a financial asset has increased significantly since the initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

The Company considers a debt security to have low credit risk when its credit risk rating is equivalent to the globally understood definition of 'investment grade'. The Company considers this to be 'Baa3' or higher as per the rating agency Moody's.

2. Operating profit

All of the Directors receive salaries in their capacity as employees of the ultimate parent undertaking, Sanctuary Housing Association. Consequently, any expenses payable are also borne by the ultimate parent undertaking as they are incidental to their services provided to other Sanctuary Group companies. Expenses borne by the ultimate parent undertaking in respect of the Directors are negligible.

The Company has no employees (2024: none).

The statutory auditor remuneration attributable to the Company of £4,000 (2024: £4,000) is also borne by Sanctuary Housing Association and not recharged. There were no non-audit services in the year.

3. Interest receivable and similar income

	2025 £'000	2024 £'000
Bank interest	29	617
Intercompany interest receivable	108,269	95,082
Premium amortisation	(1,536)	(1,467)
Bond discount	1,161	1,117
	107,923	95,349

Sanctuary Treasury Limited

Notes to the financial statements for the year ended 31 March 2025 (continued)

4. Interest payable and similar expenses

	2025 £'000	2024 £'000
Bank interest	50,632	38,025
Intercompany interest payable	57,666	57,674
Premium amortisation	(1,536)	(1,467)
Bond discount	1,161	1,117
	<u>107,923</u>	<u>95,349</u>

5. Tax on profit

(a) Analysis of tax charge in year:

	2025 £'000	2024 £'000
Current tax:		
UK corporation tax on profits of the year	<u>24</u>	<u>19</u>

(b) Factors affecting the tax charge in year:

The tax charge for the year is the same as (2024: same as) the standard rate of corporation tax in the UK of 25% (2024: 25%). See below:

	2025 £'000	2024 £'000
Profit before taxation	<u>97</u>	<u>77</u>
Profit multiplied by the main rate of corporation tax in the UK of 25% (2024: 25%)	<u>24</u>	<u>19</u>
	<u>24</u>	<u>19</u>

The Company has no unutilised tax losses carried forward.

Whilst the tax charge is £24,000 (2024: £19,000), due to the charitable allowance of gift aid the overall expectant tax charge payable to HMRC will be £nil (2024: £nil).

(c) Profit and loss account reserve

	2025 £'000	2024 £'000
At 1 April	-	-
Profit for the year	73	58
Gift aid paid in respect of current year	(97)	(77)
Current tax credit on gift aid paid	24	19
At 31 March	<u>-</u>	<u>-</u>

(d) Factors affecting future tax charge

The rate of corporation tax has remained at the main rate of 25% (2024: 25%).

Sanctuary Treasury Limited

Notes to the financial statements for the year ended 31 March 2025 (continued)

6. Investments in subsidiaries

£'000

As at 31 March 2025 and 2024

50

The Directors believe that the carrying value of the investment is supported by the underlying net assets.

The investment relates to the 100% share capital of Sanctuary Capital PLC.

Sanctuary Capital PLC is registered at Sanctuary House, Chamber Court, Castle Street, Worcester, WR1 3ZQ.

7. Debtors

	2025 £'000	2024 £'000
Amounts falling due within one year:		
Amounts owed by Group undertakings - interest	21,983	22,264
Amounts owed by Group undertakings - loans	16,447	11,513
Accrued interest receivable	716	992
	<u>39,146</u>	<u>34,769</u>
Amounts falling due after more than one year:		
Amounts owed by Group undertakings - loans	2,276,326	2,196,774
Total debtors	<u>2,315,472</u>	<u>2,231,543</u>

Of the amounts disclosed as owed by Group undertakings £nil (2025: £nil) is trading in nature and non-interest bearing. Loans incur interest at rates between 2.38% and 7.34% (2024: between 2.38% and 7.34%).

8. Creditors: amounts falling due within one year

	2025 £'000	2024 £'000
Bank loans and overdraft	16,121	11,138
Amounts owed to Group undertakings - trading	96	45
Amounts owed to Group undertakings - borrowings	401	375
Amounts owed to Group undertakings – accrued interest	16,391	16,606
Accrued interest	6,285	6,848
	<u>39,294</u>	<u>35,012</u>

The interest rate of the Company's loans and borrowings is between 2.38% and 7.34% (2024: between 2.38% and 7.34%).

Amounts owed to Group undertakings which are deemed to be trading are repayable on demand and are non-interest bearing.

Sanctuary Treasury Limited

Notes to the financial statements for the year ended 31 March 2025 (continued)

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

	2025 £'000	2024 £'000
Senior notes and debenture stock	74,989	74,990
Bank loans and overdraft	868,124	788,175
Amounts owed to Group undertakings - borrowings	1,333,762	1,334,163
	2,276,875	2,197,328

The weighted average interest rate of the Company's loans and borrowings is 4.49% (2024: 4.61%).

The borrowings are due as follows:

	2025 £'000	2024 £'000
Due within one year	16,522	11,513
Due in more than one but less than two years	164,316	16,509
Due in more than two years but less than five years	397,175	367,886
Due in more than five years	1,715,384	1,812,933
	2,293,397	2,208,841

£2,268,611,000 (2024: £2,148,682,000) of the total balance is secured by a fixed charge over Group housing stock. Of the amounts disclosed as due in more than five years £125,447,000 (2024: £142,464,000) is payable by instalments and £1,589,937,000 (2024: £1,670,469,000) is non-instalment debt.

10. Financial instruments and risk management

Financial risk management objectives and policies

The Group's Treasury function is responsible for the management of funds and control of the associated risks. Other financial risks, for example arrears, are the responsibility of other teams within the Group's finance function. Treasury and finance activities are governed in accordance with the Board approved policy and the management of associated risks is reviewed and approved by the Group Audit and Risk Committee. There is further explanation of the Group's approach to risk management in the Group's Financial Statements.

Where financial instruments are measured in the Balance Sheet at fair value, disclosure of fair value measurements by level is required, in accordance with the following fair value measurement hierarchy:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 – Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices).
- Level 3 – Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs).

Sanctuary Treasury Limited

Notes to the financial statements for the year ended 31 March 2025 (continued)

10. Financial instruments and risk management (continued)

The Company's financial instruments include:

Financial assets

Financial assets at amortised cost

	2025 £'000	2024 £'000
Amounts due from subsidiary undertakings	2,292,773	2,208,287
Cash at bank and in hand	647	747
	2,293,420	2,209,034

Current and non-current debtors totalled £2,315,472,000 at 31 March 2025 (2024: £2,231,543,000). The remaining balances of £22,699,000 (2024: £23,256,000) are not considered to fall within the definition of a financial asset.

Financial liabilities

As at 31 March the Company's financial liability balances were as follows:

Financial liabilities at amortised cost - current

	2025 £'000	2024 £'000
Debt finance excluding set up costs	16,046	11,071
Amounts due to subsidiary undertakings	497	420
	16,543	11,491

Debt finance consists of loans and mortgages and is presented after excluding set up costs. A balance of £22,676,000 (2024: £23,454,000) relating to accrued interest is not included above as not considered to fall within the definition of a financial liability.

Financial liabilities at amortised cost – non-current

	2025 £'000	2024 £'000
Debt finance excluding set up costs	942,564	862,611
Amounts due to subsidiary undertakings (note 9)	1,333,762	1,334,163
	2,276,326	2,196,774

Debt finance consists of loans and mortgages, senior notes and debenture stock, and it is presented before set up costs. Total current and non-current other financial liabilities, excluding set up costs, at 31 March 2025 were £2,292,869,000 (2024: £2,208,265,000) for the Company.

Valuation

Senior notes and debenture stock, bank loans, mortgages and bonds are measured at book value. However, fair value can be calculated and these are disclosed below.

Analysis of risks

a) Interest rate risk and exposure

Interest rate risk is defined as the risk that interest rates may change in the future materially affecting the Company's liabilities and cash flows. The interest rate exposure of the Company net debt at 31 March 2025 was:

	£'000	%
Fixed rate financial liabilities	1,728,234	75.4
Floating rate financial liabilities	565,163	24.6
	2,293,397	100.0

Sanctuary Treasury Limited

Notes to the financial statements for the year ended 31 March 2025 (continued)

10. Financial instruments and risk management (continued)

Analysis of risks (continued)

The weighted average interest rate of the Company's fixed rate financial liabilities is 4.16% (2024: 4.17%). The weighted average interest rate of the Company's total financial liabilities is 4.49% (2024: 4.61%). The Company operates an interest rate policy designed to minimise interest cost and reduce volatility in cash flow and debt service costs.

The Company's cash flow interest rate risk relates to:

- variable rate financial instruments which are subject to rate changes – a 10% increase in interest rates would result in an additional charge to the Profit and Loss Account of £3,102,000 (2024: £2,936,000).
- variable rate financial instruments where benefits of interest rate reductions are lost – a 0.25% rate reduction would result in a lost benefit of £4,347,000 (2024: £4,374,000).

A comparison of the book value to fair value of the Company's long-term borrowings at 31 March 2025 is set out below.

	2025	2025
	Book Value	Fair Value
	£'000	£'000
Senior notes and debenture stock	74,989	59,883
Bank loans and overdraft	868,124	786,832
Amounts owed to Group companies	1,333,762	1,074,985
	<u>2,276,875</u>	<u>1,921,700</u>

The following methods and assumptions have been applied in determining the value of the financial instruments in the table above;

- The book value of loans with a maturity of less than one year is assumed to equate to their carrying value.
- The fair value of loans greater than one year is established by utilising discounted cash flow valuation models or listed market prices where available.

The variance between the fair value and the book value of the Company's long-term borrowings is driven by the discount rates and weighted average life of the fixed rate financial liabilities, which is 18.8 years (2024: 19.7 years).

Interest rate risk applies to debt finance.

b) Liquidity risk

Liquidity risk is the risk that the Company will fail to be able to access liquid funds - either through:

- lack of available facilities; or
- lack of secured, but available, facilities; or
- lack of identification of need to draw on available facilities.

The Treasury function ensures the above risks are managed by preparing cash forecasts on a daily and longer term basis to ensure that short and longer term requirements are known. The forecasts are cautious in the approach and are constantly updated to allow for sensitivity in assumptions. These are reported internally on a fortnightly basis. The forecasts identify when drawdowns on existing facilities are required and when existing facilities expire. Further facilities are negotiated and secured well in advance of them being needed for drawdown.

Sanctuary Treasury Limited

Notes to the financial statements for the year ended 31 March 2025 (continued)

10. Financial instruments and risk management (continued)

Analysis of risks (continued)

The Treasury function also manages a database of the Company's stock in order to identify unencumbered stock for security of new facilities. A programme of valuations is maintained to ensure that optimum value as security is gained from the Company's stock. These systems ensure that facilities are available to the Company which are secured and available to draw on as required.

The Company's liquidity policy is to maintain sufficient liquid resources to cover cash flow requirements and fluctuations in funding to enable the Company to meet its financial obligations.

The Company has not defaulted on any of its loan arrangements in the year.

Liquidity risk applies to cash and all payables balances.

Contractual cash flows for all financial liabilities

The following is an analysis of the anticipated contractual cash flows including interest and finance charges payable for the Company's financial liabilities on an undiscounted basis. For the purpose of this table, debt is defined as bank loans, mortgages and deferred finance. Interest is calculated based on debt held at 31 March. Floating rate interest is estimated using the prevailing interest rate at the reporting date.

At 31 March 2025	Debt	Interest on debt	Total
	£'000	£'000	£000
Due less than one year	(16,046)	(99,020)	(115,066)
Between one and two years	(163,823)	(97,355)	(261,178)
Between two and three years	(20,047)	(89,881)	(109,928)
Between three and four years	(91,515)	(88,066)	(179,581)
Between four and five years	(284,017)	(80,235)	(364,252)
Greater than five years	(1,728,162)	(938,524)	(2,666,686)
Gross contractual cash flows	(2,303,610)	(1,393,081)	(3,696,691)

At 31 March 2024	Debt	Interest on debt	Total
	£'000	£'000	£'000
Due less than one year	(11,072)	(194,016)	(205,088)
Between one and two years	(16,046)	(188,378)	(204,424)
Between two and three years	(146,823)	(183,032)	(329,855)
Between three and four years	(20,048)	(173,863)	(193,911)
Between four and five years	(199,515)	(168,181)	(367,696)
Greater than five years	(1,825,178)	(2,195,281)	(4,020,459)
Gross contractual cash flows	(2,218,682)	(3,102,751)	(5,321,433)

c) Credit risk

Credit risk applies to all debtor balances and to debt finance. Risk relates to financial risk.

Financial

The Company manages credit risk by carrying out monthly credit checks on all counterparties from which the Company either sources funds or places deposits. The financial credit risk is mitigated to some extent by the existence of borrowing facilities with such counterparties. It is the Company's policy not to take or place funds with any financial institution which is not accepted as a counterparty in the Company's Financial Regulations. Such counterparties are approved by the Board but only on the achievement of the desired credit agency rating.

Sanctuary Treasury Limited

Notes to the financial statements for the year ended 31 March 2025 (continued)

10. Financial instruments and risk management (continued)

Analysis of risks (continued)

The maximum credit risk at 31 March 2025 and 2024 was as follows:

	2025 £'000	2024 £'000
Amounts due from Group undertakings	2,292,773	2,208,287
Cash and cash equivalents	647	747
	<u>2,293,420</u>	<u>2,209,034</u>

d) Concentration risk

Concentration risk is defined as the risk associated with a reliance on transactions that carry a similar risk profile.

Management determines concentrations of risk through its standard risk management procedures, as detailed in the Board's Report and Operating and Financial Review.

e) Collateral held

The Company does not hold any significant collateral.

11. Called up share capital

The Company is limited by guarantee and has no authorised or issued share capital.

12. Ultimate parent undertaking and controlling party

The ultimate parent undertaking and controlling party is Sanctuary Housing Association being the smallest and largest group to consolidate these financial statements, registered in England as a Registered Society (Number 19059R) and with the Regulator of Social Housing (Number L0247). A copy of the Group financial statements can be obtained from Sanctuary Housing Association, Sanctuary House, Chamber Court, Castle Street, Worcester WR1 3ZQ.

13. Post balance sheet events

On 4 April 2025, the Company's subsidiary, Sanctuary Capital PLC, published the Programme Admission Particulars in relation to its inaugural £2.5 billion Note Programme. The Note Programme will enable the Group to access the capital markets efficiently and in a timely manner and support continued investment in both existing and new homes. The Note Programme also provides the Group the ability to issue both secured and unsecured notes.

The new Euro Medium-Term Note (EMTN) borrowing group comprises Sanctuary Housing Association, Sanctuary Scotland Housing Association Limited, Sanctuary Affordable Housing Limited and Swan Housing Association Limited and is in addition to the current borrowing group, which remains unchanged.