

**CITIZEN TREASURY PLC**

**Report and Financial Statements**

**For the year ended  
31 March 2022**

**Companies House Registered Number 10936395**

**Registered office: 4040 Lakeside  
Solihull Parkway  
Birmingham  
B37 7YN**

# CITIZEN TREASURY PLC

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# CITIZEN TREASURY PLC

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## COMPANY INFORMATION

### Directors

The Company was incorporated on 29 August 2017. The following are all members of the Board of Citizen Treasury plc and served as such during the year ended 31 March 2022 unless otherwise stated:

Mr C Dennis	
Mr S Kellas	(Resigned 1 July 2021)
Mr K Rodgers	
Mr G Booth	(Appointed 1 July 2021)

### Secretary

Mr G Booth

### Auditor

Beever and Struthers  
St. George's House  
215-219 Chester Road  
Manchester  
M15 4JE

# CITIZEN TREASURY PLC

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## STRATEGIC REPORT

The Directors present their reports and audited financial statements for Citizen Treasury plc (“the Company”) for year ended 31 March 2022. The Company is a member of Citizen Housing Group.

## BUSINESS REVIEW

The Company is a non-charitable subsidiary of Citizen Housing Group Limited, a Co-operative and Community Benefit Society, registered in England and Wales.

The Company commenced trading in August 2017 and issued its first bond on the London Stock Exchange on 20 October 2017. The bond was a £280m 31-year fixed rate bond with an annual coupon of 3.25%. The bond was issued at a discounted price of £99.053 per £100. The discounted amount is being amortised through the statement of comprehensive income over the period to maturity. All of this funding is on-lent to Citizen Housing Group Limited via secured loans.

The statement of comprehensive income shows a result of £nil for the year. This is in line with the Company’s role as a special purpose lending vehicle which does not seek to generate significant financial returns.

The Company benefits from the Group-centralised Treasury service with policies and procedures approved by the Citizen Board. These cover funding, interest rate exposures, cash management and the investment of surplus cash.

## PRINCIPAL RISKS AND UNCERTAINTIES

The Company on-lends all of its proceeds from capital market transactions to Citizen Housing Group Limited under a guarantee and security trust basis. Where capital markets funding has been on-lent, the underlying assets of the issuance belong to Citizen Housing Group Limited through a Security Trust arrangement with the Prudential Trustee Company Limited.

As the Company is not obliged to provide incremental funding to Citizen Housing Group Limited, the Company is not at risk if it cannot obtain further funding for Citizen Housing Group. All of the Company’s costs relating to providing funding services are billed to Citizen Housing Group Limited.

2021/22 was another year when the impacts of the Covid-19 pandemic continued to be felt across the world and in UK businesses. As we start to emerge from the effects of the pandemic, we are mindful that normality will continue to be shaped by the threat of the virus and emerging new variants.

With effect from January 2021, the UK ceased to be part of the EU’s Single Market and Customs Union which has since brought significant disruption to trade particularly for UK exports to the EU. As the UK continues to navigate its way through this complex phase of its divorce from the EU, it will continue to challenge business and the economic climate we operate within.

We now have the added threat of potentially far-reaching implications of the conflict between Russia and Ukraine, which we are monitoring very closely.

As a Group, we will continue to analyse the local and immediate impacts of these major events, and the detailed implications will continue to be tested through our risk management and financial planning stress testing arrangements. We are confident that our financial plan and robust stress testing scenarios can withstand the likely range of pressures in both the short and medium term.

# CITIZEN TREASURY PLC

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## STRATEGIC REPORT (Continued)

### FINANCIAL PERFORMANCE

The Company is a special purpose lending vehicle and does not seek to generate significant financial returns. The Company makes neither a profit nor a loss in line with its role as a special purpose lending vehicle. The Company therefore does not have financial key performance indicators.

### FUTURE DEVELOPMENT, PERFORMANCE AND POSITION

There is no retained bond element within the 20 October 2017 bond issue. Following an issuer substitution process completed with effect from 1 September 2019, Citizen Treasury plc became the sole issuer of capital markets transactions for the Citizen Group. The consent request letter (issued at the same time as the permitted reorganisation certificate) stipulates in paragraph 7[e] that the £160m bonds – which were previously issued by Citizen Treasury 2 plc - will have the benefit of the security over the issuer charged property from both the Company (as incoming issuer) and Citizen Treasury 2 plc (as the outgoing issuer) for a period of two years from and including 1 September 2019.

The Company's future financial performance is expected to show neither a profit nor a loss.

### OTHER INFORMATION

The Company has no direct employees and it exists solely to on-lend the proceeds of capital market transactions. At 31 March 2022, the Company had three male directors.

### BY ORDER OF THE BOARD

Approved by the board on 8 August 2022  
and signed on its behalf by



Mr K Rodgers  
Director

# CITIZEN TREASURY PLC

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## REPORT OF THE DIRECTORS

### CORPORATE GOVERNANCE STATEMENT

Citizen Treasury plc has listed security in issue and complies with the applicable sections of the Disclosure and Transparency Rules, DTR 7.1 and DTR 7.2, of the Financial Conduct Authority (“FCA”) handbook.

The Company does not have a Premium Listing and is not required to comply with the UK Corporate Governance Code (the “Code”). The Company’s corporate governance arrangements are reported by reference to relevant good practice including the National Housing Federation (“NHF”) Code of Governance – Promoting board excellence for housing associations (2020 edition) (the “NHF Code”), which has been adopted and complied with by the Citizen Housing Group. In fulfilling its obligations under the NHF Code, the Company follows good practice drawn from supporting guidance. A number of the provisions of the NHF Code mirror the equivalent provisions of the UK Corporate Governance Code. The NHF Code is available on the NHF website: [www.housing.org.uk](http://www.housing.org.uk).

Companies within the Citizen Housing Group (the “Group”) do not have external shareholders. All companies in the Group (including the Company) comply with equivalent provisions in the NHF Code which relate to communications with stakeholders. The remuneration arrangements for housing associations differ from those of listed public companies (for example, the absence of share-based incentives). However, the Group complies with the provisions of the NHF Code provisions on Board and executive pay.

### OVERVIEW AND PRINCIPAL ACTIVITY

The Company is a wholly owned subsidiary of Citizen Housing Group Limited. Its objective is to source funding on behalf of Citizen Housing Group Limited directly from the capital markets and on-lend the proceeds to Citizen Housing Group Limited. The Company’s directors are listed on page 1.

### FINANCIAL RISK MANAGEMENT

#### Risk Management Objectives and Policies

The Citizen Housing Group’s Finance function is responsible for the treasury management activities and control of associated risks. Its activities are governed by the Treasury Management Policy Statement, approved by the Citizen Board, which is ultimately responsible for treasury issues in all of Citizen Housing Group’s legal entities, which include the Company. The Group finance function does not operate as a profit centre.

The Company 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/Hedging & Market Risk

The Company currently borrows funds on a fixed rate basis from the capital markets and then on-lends these funds to Citizen Housing Group Limited on a similar fixed rate basis. As such, the Company does not bear any market risk or any exposure to interest rate risk on a net basis. The Company does not undertake any hedging activities and it does not have any derivatives.

#### Liquidity Risk

The Company mitigates its liquidity risk in relation to principal repayments and coupon payments by lending proceeds of capital market issues on similar repayment terms to the finance instrument issued.

## REPORT OF THE DIRECTORS (Continued)

### FINANCIAL RISK MANAGEMENT (Continued)

#### Credit Risk

All of the Company's capital markets financing proceeds are immediately on-lent to Citizen Housing Group Limited, which represents the only credit risk to the Company. This credit risk is mitigated through a number of factors, including the housing asset security which stands behind the loans, the overall Regulator of Social Housing (RSH) assessment of the Group's financial viability and the contractual protection of the loan agreement between the Company and Citizen Housing Group Limited.

The Company is not obliged to source further funding from the capital markets for on-lending to Citizen Housing Group Limited. It should be noted that Citizen, which comprises Citizen Treasury plc, has an A2 (stable) credit rating from Moody's Investor Services, which was reaffirmed when the latest rating assessment for Citizen was published by Moody's on 25 October 2021.

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE REPORT OF THE DIRECTORS AND THE FINANCIAL STATEMENTS**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

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 judgments and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have a 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.

### **STATEMENTS AS TO DISCLOSURE OF INFORMATION TO AUDITOR**

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

# CITIZEN TREASURY PLC

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## REPORT OF THE DIRECTORS (Continued)

### AUDITOR

Beever and Struthers are auditor to the Company and its parent, Citizen Housing Group Limited.

### SECTION 172 STATEMENT

The company was formed for the sole purpose of raising debt finance for Citizen Housing Group Limited. It is a wholly owned subsidiary of Citizen Housing Group Limited and does not have any employees. The directors, accordingly, do not consider that the impact of the company's operations on the community and the environment or the need to act fairly between members of the company are relevant to the proper discharge of their duty under section 172, each of which is considered by the wider group. Given the purpose of the company the relevant stakeholder groups are therefore the investors in the listed debt and the Parent Group.

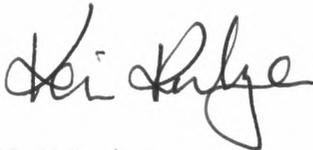
The Board of Citizen Housing Group Limited and Citizen Treasury plc consider, both individually and together, that they have acted in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of those stakeholders, and in doing so have regard, amongst other matters to:

- a) The likely consequences of any decision in the long term
- b) The need to foster the company's business relationships with suppliers, customers and others, and
- c) The desirability of the company maintaining a reputation for high standards of business contact.

As the Board of Directors, our intention is to behave responsibly and ensure that management operate the business in a responsible manner, operating within the high standards of business conduct and good governance expected for a business such as ours.

### BY ORDER OF THE BOARD

Approved by the board on 8 August 2022  
and signed on its behalf by



Mr K Rodgers  
Director

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITIZEN TREASURY PLC

### Our opinion is unmodified

We have audited the financial statements of Citizen Treasury plc “the company” for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 March 2022 and of its result for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### Basis for opinion

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

We were appointed as auditor (of Citizen Housing Group Limited, of which the company is a subsidiary) by the directors on 23 December 2014. The period of total uninterrupted engagement for the Group is for 8 financial years ending 31 March 2022. We have fulfilled our ethical responsibilities under, and we remain independent of the company in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed public interest entities. No non-audit services prohibited by that standard were provided.

### Conclusions relating to going concern

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

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

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

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITIZEN TREASURY PLC (Continued)

### Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team. We summarise below the key audit matter (unchanged from 2021) in arriving at our audit opinion above, together with our key audit procedures to address this matter and, as required for public interest entities, our results from those procedures. This matter was addressed, and our results are based on procedures undertaken, in the context of, and solely for the purpose of, our audit of the financial statements as a whole, and in forming our opinion thereon, and consequently are incidental to that opinion, and we do not provide a separate opinion on this matter.

### Recoverability of Long Term Debtors

Long Term Debtors (amounts falling due in more than one year) £565.6m (2021: £566.6m). Refer to pages 16 - 17 (accounting policies) and page 19 (financial disclosures).

#### The risk – significant risk high value

The company's primary activity is to issue bonds, source investor financing and on-lend to Group entities. It therefore has long term liabilities which relate to the bonds issued and long term intercompany debtors which relate to the loans provided to group members (as at 31 March 2022 this was to Citizen Housing Group only).

The carrying amount of the long term intercompany debtor balance, including interest, represents 98.8% of the company's total assets. Their recoverability is not at a high risk of significant misstatement or subject to significant judgement. However, due to their materiality in the context of the company financial statements, this is considered to be the area that had the greatest effect on our overall company audit.

The risk stems from the expectation of the ability of the parent to repay the loans in 30 years from the date of the 3 December 2012 Bond issue (being December 2042) and 31 years from the date of the 20 October 2017 Bond issue (being October 2048).

#### Our response

Our procedures included:

- **Assessment of recoverability:** Assessing 100% of intercompany long term debtors owed by the parent to identify, with reference to the parent's financial balance sheet, whether they have a positive net asset value and sufficient headroom to cover the debt owed, and that future cash flow plans include repayment of the debt. We have reviewed Citizen Housing Group Limited's internal assessment of going concern, and management information relating to actual and forecast financial performance after the year end. We have reviewed the Group's long term financial plans and the stress testing of those plans. We have considered the potential impact of these matters on the Group's financial viability into the foreseeable future, and on its status as a going concern.
- **Test of detail:** Assessing the creditor recognised by the parent and comparing it to the debtor recognised by the company.
- **Test of detail:** Assessing the balance on-loaned to the parent with reference to the bond issue funds.
- **Test of detail:** Agreeing the total bond nominal balance to the London Stock Exchange.
- **Confirmation of value:** Agreeing the bond proceeds to the bond issue documentation.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITIZEN TREASURY PLC (Continued)

### Our results

We found the company's assessment of the recoverability of the long term debtor balance to be acceptable (2021 result: acceptable).

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

Citizen Treasury plc is part of a Group headed by Citizen Housing Group Limited. The materiality for the audit of the company for the year ended 31 March 2022 was £2.9m (2021: £2.9m) determined with a benchmark of 0.5% of gross assets, which is unchanged from the prior year.

We agreed to report to the Group Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £143k (2021: £144k), in addition to other identified misstatements that warranted reporting on qualitative grounds.

### **Other information**

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

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

### **Opinions on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Report of the Directors have been prepared in accordance with applicable legal requirements.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITIZEN TREASURY PLC (Continued)

### 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 Report of the Directors.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

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

### Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, 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 web-site at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITIZEN TREASURY PLC (Continued)

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the Company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Companies Act 2006 and tax legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud. We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing recognising the regulated nature of the Company's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CITIZEN TREASURY PLC (Continued)

### 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.

*Beever and Struthers*

**Lee Cartwright LLB ACA (Senior Statutory Auditor)**

**For and on behalf of**

**BEEVER AND STRUTHERS**

St George's House  
215/219 Chester Road  
Manchester  
M15 4JE

Date: 17 August 2022

## CITIZEN TREASURY PLC

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### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2022

	Notes	2022 £m	2021 £m
Turnover	6	20.1	18.2
Cost of Sales	7	<u>(20.1)</u>	<u>(18.2)</u>
<b>Profit on ordinary activities before taxation</b>		-	-
Tax on profit on ordinary activities	8	<u>-</u>	<u>-</u>
<b>Total comprehensive income for the year</b>		<u><u>-</u></u>	<u><u>-</u></u>

All activities from the company are from continuing operations.

The notes on pages 16 - 24 are an integral part of the financial statements.

# CITIZEN TREASURY PLC

## STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2022

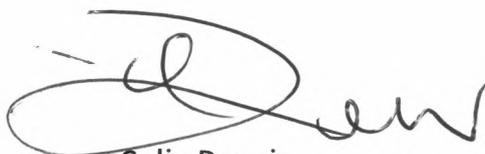
	Notes	2022 £m	2021 £m
<b>Current Assets</b>			
Debtors due within one year	9	7.7	7.7
Debtors due after one year	9	565.6	566.6
		<u>573.3</u>	<u>574.3</u>
<b>Creditors: Amounts falling due within one year</b>	10	<u>(7.6)</u>	<u>(7.6)</u>
<b>Net Current Assets</b>		<b>565.7</b>	<b>566.7</b>
Creditors: Amounts falling due after more than one year	11	<u>(565.6)</u>	<u>(566.6)</u>
<b>Net Assets</b>		<u><b>0.1</b></u>	<u><b>0.1</b></u>
<b>Share Capital and Reserves</b>			
Called up share capital	14	0.1	0.1
Profit and loss account		-	-
		<u>0.1</u>	<u>0.1</u>
<b>Total Shareholders' Funds</b>		<u><b>0.1</b></u>	<u><b>0.1</b></u>

The notes on pages 16 - 24 are an integral part of the financial statements.

These financial statements were approved by the Board of Directors on 8 August 2022 and signed on its behalf by:



Kevin Rodgers  
Director



Colin Dennis  
Director

Companies House Registered Number 10936395

## CITIZEN TREASURY PLC

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### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2022

	Called up share capital £m	Profit & Loss account £m	Total £m
<b>At 1 April 2020</b>	<b>0.1</b>	-	<b>0.1</b>
Profit/(loss) for the year	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-
<b>At 31 March 2021</b>	<b>0.1</b>	-	<b>0.1</b>
Profit/(loss) for the year	-	-	-
<b>Total comprehensive income for the year</b>	-	-	-
<b>At 31 March 2022</b>	<b>0.1</b>	-	<b>0.1</b>

The notes on pages 16 – 24 are an integral part of the financial statements.

## CITIZEN TREASURY PLC

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### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2022

	2022 £m	2021 £m
<b>Cash flows from operating activities</b>		
Profit for the financial year	-	-
Changes in:		
Trade and other debtors	1.0	(134.6)
Trade and other creditors	(1.0)	134.6
Cash generated from operations	<u>-</u>	<u>-</u>
Receipt from share capital issue	<u>-</u>	<u>-</u>
<b>Net increase in cash and cash equivalents</b>	<u>-</u>	<u>-</u>
Cash and cash equivalents at the beginning of the year	<u>-</u>	<u>-</u>
<b>Cash and cash equivalents at the end of the year</b>	<u><u>-</u></u>	<u><u>-</u></u>

The notes on pages 16 – 24 are an integral part of the financial statements.

The company has no cash inflows or outflows. Capital market issue proceeds, interest payments and capital market redemption monies are received/made by Citizen Housing Group Limited, the entity to which the company has on-lent the proceeds of any capital market transactions.

# CITIZEN TREASURY PLC

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### LEGAL STATUS

Citizen Treasury plc is incorporated in England under the Companies Act 2006 as a public limited company with share capital. The registered office is: -

4040 Lakeside  
Solihull Parkway  
Birmingham Business Park  
B37 7YN

### 1 STATEMENT OF COMPLIANCE

The financial statements have been prepared in compliance with FRS102 (March 2018).

### 2 ACCOUNTING POLICIES

At the date of these financial statements the Directors have carried out a detailed and comprehensive review of the business and its future prospects. In the opinion of the Directors, the Company is expected to be able to continue trading within the current arrangements and consequently the financial statements are presented on the going concern basis.

#### (a) Basis of preparation

The financial statements have been prepared on the historical cost basis. The financial statements are prepared in sterling, which is the functional currency of the company.

#### (b) Judgements and key sources of estimation uncertainty

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

The Company's only use of estimation relates to the measurement of its financial instruments. The measurement is determined in line with the effective interest calculation that results in the financial instrument balance equalling its maturity amount immediately before settlement. The measurement at each balance sheet date until maturity of each financial instrument can be mathematically determined at the inception of the financial instrument.

#### (c) Revenue recognition

Turnover represents interest receivable on facilities lent to Citizen Housing Group Limited. All turnover arose on activities undertaken in the UK.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 2 ACCOUNTING POLICIES (Continued)

#### (d) Financial instruments

A financial asset or a financial liability is recognised only when the company becomes a party to the contractual provisions of the instrument.

Basic financial instruments, where a financing transaction, are initially recognised at fair value including any premium or discount on issue and subsequently measured at amortised cost using the effective interest method.

Financial assets that are measured at cost or amortised cost are reviewed for objective evidence of impairment at the end of each reporting date. If there is objective evidence of impairment, an impairment loss is recognised in profit or loss immediately.

#### (e) Segmental information

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

#### (f) Taxation

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

#### (g) Bond issue costs

All of the Company's costs related to providing funding services are billed to the asset-owner to whom the proceeds of a capital markets issue have been on-lent.

### 3 OPERATING PROFIT

During the year, the Company recharged interest paid on loans to the asset-owning borrower to whom the proceeds of the capital markets issue were on-lent. Consequently, during the year the Company made neither a profit nor a loss.

Audit fees for the Company are paid for by the parent company, Citizen Housing Group Limited and disclosed within its consolidated financial statements. The proportion of the audit fee attributable to the Company is £7.5k (2021: £7.2k). Non-audit fees amounted to £nil (2021: £nil) (excl. VAT).

### 4 EMPLOYEES

The Company does not have any employees. All employees acting on behalf of the Company are employed by Citizen Housing Group Limited, whose costs are disclosed in those financial statements.

### 5 BOARD OF DIRECTORS' REMUNERATION

The directors of Citizen Treasury plc are employed and remunerated by Citizen Housing Group Limited. Full accounting disclosures on Directors' remuneration are therefore included within the Group accounts.

# CITIZEN TREASURY PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 6 TURNOVER

	2022 £m	2021 £m
Interest receivable from Group undertakings	20.1	18.2
	<u>20.1</u>	<u>18.2</u>

### 7 COST OF SALES

	2022 £m	2021 £m
Interest payable to bond holders	21.1	18.8
Less: Refund of bond coupon interest in relation to the period prior to the bond tap proceeds being received (previous coupon date of 3 June 2021 and 14 October 2021)	-	(1.7)
Net interest payable to bondholders	21.1	17.1
Other finance costs including arrangement fees amortised or written off	(1.0)	1.1
	<u>20.1</u>	<u>18.2</u>

### 8 TAXATION

	2022 £m	2021 £m
<b>UK Corporation Tax</b>		
UK Corporation Tax on surplus for the period	-	-
	<u>-</u>	<u>-</u>
The tax assessed on the surplus on ordinary activities for the period is lower than the rate of Corporation Tax in the UK of 19% (2021: 19%)		
Profit/(Loss) on ordinary activities before tax	-	-
	<u>-</u>	<u>-</u>
Corporation Tax calculated as surplus on activities before tax, multiplied by 19% (2021: 19%)	-	-
	<u>-</u>	<u>-</u>

# CITIZEN TREASURY PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 9 DEBTORS

	2022 £m	2021 £m
<u>Due within one year</u>		
Interest from Group undertakings	<u>7.7</u>	<u>7.7</u>
	<u>7.7</u>	<u>7.7</u>
<u>Due after one year</u>		
Loans to Group undertakings	565.6	566.6
Unpaid share capital (note 14)	<u>-</u>	<u>-</u>
	<u>565.6</u>	<u>566.6</u>

### 10 CREDITORS: amounts falling due within one year

	2022 £m	2021 £m
Interest accrual	<u>7.6</u>	<u>7.6</u>
	<u>7.6</u>	<u>7.6</u>

# CITIZEN TREASURY PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 11 CREDITORS: amounts falling due in more than one year

	2022 £m	2021 £m
<b>Debt falling due after more than 5 years:</b>		
<u>Issue 20/10/48 – 3.25% (semi-annual coupon)</u>		
October 2017 bond issue proceeds	280.0	280.0
Discount on October 2017 issue	(2.5)	(2.5)
<b>Net bond proceeds</b>	<b>277.5</b>	<b>277.5</b>
Less arrangement fees	(1.7)	(1.8)
	<b>275.8</b>	<b>275.7</b>
<u>Issue 3/12/42 – 4.625% (semi-annual coupon)</u>		
December 2012 bond issue proceeds	160.0	160.0
Discount on December 2012 issue	(1.2)	(1.3)
<b>Net bond proceeds</b>	<b>158.8</b>	<b>158.7</b>
Less arrangement fees	(1.2)	(1.2)
	<b>157.6</b>	<b>157.5</b>
October 2020 bond tap issue proceeds	100.0	100.0
Premium on October 2020 tap issue	32.6	33.8
<b>Net bond proceeds</b>	<b>132.6</b>	<b>133.8</b>
Less arrangement fees	(0.4)	(0.4)
	<b>132.2</b>	<b>133.4</b>
	<b>565.6</b>	<b>566.6</b>

On 20 October 2017, Citizen Treasury plc issued a 31-year £280 million fixed rate bond with an annual coupon of 3.25% with no retained element.

On 3 December 2012, WM Treasury plc (which became Citizen Treasury 2 plc with effect from 1 September 2019) issued a 30-year £160 million fixed rate bond with an annual coupon of 4.625% with a £40m retained element which expired on 3 December 2015. With effect from 1 September 2019, the Company became the issuer of the £160m bond. The issuer substitution process to transfer issuance from Citizen Treasury 2 plc was completed at the same time as the Group's Registered Providers amalgamated to form Citizen Housing Group. All relevant debtor and creditor balances were transferred to Citizen Treasury plc with effect from 1 September 2019.

# CITIZEN TREASURY PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 11 CREDITORS: amounts falling due in more than one year (Continued)

On 14 October 2019, the Company entered into a forward purchase agreement with a UK institutional investor for a £100m tap of the 2012 £160m bond. A 12-month deferral period for the issue of the bond and receipt of cash proceeds was included within the forward purchase agreement, priced at a premium of £133.998 per £100. The bond prospectus was approved by the Financial Conduct Authority and published in January 2020. The proceeds from the bond tap issue were received as planned in October 2020.

### 12 ANALYSIS OF CHANGES IN NET DEBT

	At Beginning of the Year £m	Cash Flows £m	Non-Cash Movements £m	At End of the Year £m
Cash and Cash Equivalents	-	-	-	-
Housing Loans Due in One Year	-	-	-	-
Housing Loans Due After One Year	(566.6)	-	1.0	(565.6)
	<u>(566.6)</u>	-	<u>1.0</u>	<u>(565.6)</u>

### 13 FINANCIAL INSTRUMENTS

The Company had the following financial instruments:

	2022 £m	2021 £m
<b>Financial assets</b>		
(a) Financial assets measured at fair value through profit and loss	-	-
(b) Financial assets that are debt instruments measured at amortised cost:		
a. Cash at bank and in hand	-	-
b. Amounts owed by Group undertakings	573.3	574.3
(c) Financial assets that are equity instruments measured at cost less impairment	-	-
	<u>573.3</u>	<u>574.3</u>
<b>Financial liabilities</b>		
(a) Financial liabilities measured at amortised cost		
a. Bond issue 20/10/48	275.8	275.7
b. Bond issue 3/12/42	157.6	157.5
c. Bond tap issue 3/12/42	132.2	133.4
d. Interest accrual (trade creditor)	7.6	7.6
(b) Derivative financial instruments designated as hedges of variable interest rate risk	-	-
(c) Financial liabilities measured at fair value through profit or loss	-	-
(d) Loan commitments measured at cost less impairment	-	-
	<u>573.2</u>	<u>574.2</u>

# CITIZEN TREASURY PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 13 FINANCIAL INSTRUMENTS (Continued)

The £280 million bond issue is secured by fixed charges over 7,956 of the Group's rented properties. The combined value of the 5,676 properties valued for security purposes at Existing Use Value Social Housing was c. £268.09m. The combined value of the 475 properties valued for security purposes at Market Value Subject to Tenancy was c. £56.4m. The carrying value of these assets at cost within the Citizen accounts as at 31 March 2022 is £181.04m.

The £260 million bond (combination of initial £160m issued in 2012 and £100 tap issued in 2021) is secured by fixed charges over 7,547 of the Group's rented properties. The combined value of the 7,547 properties valued for security purposes at Existing Use Value Social Housing was c. £290.33m. The carrying value of these assets at cost within the Citizen accounts as at 31 March 2022 is £181.32m.

No collateral has been called in the year ended 31 March 2022 (2021: £Nil).

All of Citizen Treasury plc's costs relating to providing funding services are billed to Citizen Housing Group Limited.

The market value of the 31-year £280m, 3.25% instrument (repayable on 20 October 2048) as at 31 March 2022 is £298.27m (2021: £334.01m). This value reflects the quoted price on the reporting date. The effective interest rate at which the coupon payments and arrangement fees are being charged to the Profit & Loss account is 3.335%.

The market value of the 30-year £260m, 4.625% instrument (repayable on 3 December 2042) as at 31 March 2022 is £326.49m (2021: £362.02m). This value reflects the quoted price on the reporting date. The effective interest rate at which the coupon payments and arrangement fees are being charged to the Profit & Loss account is 4.741% for the initial £160m issue in 2012 and 2.611% for the £100m tap issue in October 2021.

The risks faced by this company have been disclosed within the Strategic Report and Report of the Directors on pages 2 and 4 respectively.

### 14 ORDINARY SHARE CAPITAL

	2022	2021
	£	£
<b>Authorised and issued share capital</b>		
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
<b>Allotted, called up and fully paid share capital:</b>		
Ordinary shares of £1 each	<u>12,500</u>	<u>12,500</u>

Citizen Housing Group Limited is the registered holder of 50,000 shares of £1 of which £12,500 has been paid. The shares were issued on incorporation of the Company on 29 August 2017. Citizen Housing Group Limited acquired its 50,000 ordinary shares on 29 August 2017 and paid £12,500. The remaining unpaid share capital (£37,500) is included within debtors (note 9).

# CITIZEN TREASURY PLC

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

### 15 RELATED PARTIES

The parent and ultimate parent of Citizen Treasury plc is Citizen Housing Group Limited, a Co-operative and Community Benefit Society, registered in England and Wales.

#### Relationships between registered and non-registered elements of the business

The table below shows where relationships exist between Citizen Housing Group members.

	CHG	CNH	CT	CT2	CTV	CBS	AGES
CHG		X	X	X	X	X	X
CNH	X						
CT	X						
CT2	X						
CTV	X						
CBS	X						
AGES	X						

Entities in the table are abbreviated as follows and [R] denotes where the entity is a Registered Provider

Citizen Housing Group Limited [R]	CHG	Citizen Treasury plc	CT
Citizen New Homes Limited	CNH	Citizen Treasury 2 plc	CT2
Citizen Business Services Limited	CBS	Citizen Treasury Vehicle Limited	CTV
Attwood Green Estate Services Limited	AGES		

#### Transactions with registered elements of the Group

The Company provides financing to Citizen Housing Group Limited.

	CHG
	£m
2022	20.1
2021	18.2

Citizen Treasury plc issued its first bond on the London Stock Exchange in October 2017. The bond raised £275million (net of issue costs) at a coupon of 3.25% and the proceeds have been on-lent and interest costs are recharged to Citizen Housing Group Limited.

With effect from 1 September 2019, Citizen Treasury plc became the issuer of the Group's 2012, 4.625% £160m bond. The issuer substitution process to transfer issuance from Citizen Treasury 2 plc was completed at the same time as the Group's Registered Providers amalgamated to form Citizen Housing Group. Transactions in relation to this bond have been reflected within the Company's accounts with effect from 1 September 2019.

## CITIZEN TREASURY PLC

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2022

#### 15 RELATED PARTIES (Continued)

Registered entity	Recharge	Cost in year £m	Balance at year end £m
Citizen Housing Group	Loan interest	20.1	573.3

#### Transactions with non-registered entities

There were no transactions with non-registered elements of the business in the year ended 31 March 2022 (2021: None).

#### 16 CONTROLLING PARTY

The immediate and ultimate parent of Citizen Treasury plc is Citizen Housing Group Limited, a Co-operative and Community Benefit Society, registered in England and Wales.

Citizen Housing Group Limited accounts, being the immediate Group accounts in which Citizen Treasury plc is consolidated, are available from its registered office; 4040 Lakeside, Solihull Parkway, Birmingham, B37 7YN.