

Company Registration No. 3302722

FINANCE FOR RESIDENTIAL SOCIAL HOUSING PLC

Annual Report and Financial Statements

For the year ended 31 December 2025

FINANCE FOR RESIDENTIAL SOCIAL HOUSING PLC

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FINANCE FOR RESIDENTIAL SOCIAL HOUSING PLC

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Apex Corporate Services (UK) Limited
Apex Trust Corporate Limited
Sean Peter Martin

SECRETARY

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London
United Kingdom
EC1A 4HY

REGISTERED OFFICE

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EC1A 4HY

BANKERS

NatWest Markets Plc
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EC2M 4AA

AUDITOR

Ernst & Young LLP
25 Churchill Place
Canary Wharf
London E14 5EY
United Kingdom

FINANCE FOR RESIDENTIAL SOCIAL HOUSING PLC

STRATEGIC REPORT

The directors present their Strategic Report for Finance for Residential Social Housing Plc (“the Company”) for the year ended 31 December 2025.

ACTIVITIES

The principal activity of Finance for Residential Social Housing Plc (“the Company”) is to purchase the financial interest in residential social housing loans through the issuance of notes. In November 1995, HM Government announced its intention, in principle, to dispose of its loans to Registered Social Landlords. These loans were made by, or vested in, The Housing Corporation and Tai Cymru (its Welsh equivalent). On 5 March 1997, Orchardbrook Limited (“Orchardbrook”) as the structure’s asset owning company purchased the equitable title to the loans from The Housing Corporation and Tai Cymru via a Loan Sale Agreement. Finance for Residential Social Housing Plc purchased the financial interest in the loans from Orchardbrook through the note issuances.

BUSINESS REVIEW AND KEY PERFORMANCE INDICATORS

There has been no change in the activities of the Company. The directors expect the level of activity to remain at the same level in the forthcoming financial year. Loans to customers are the key performance indicator.

During the year £25,416,000 (2024: £34,670,000) worth of loans to customers and £25,176,000 (2024: £35,119,000) worth of loan notes were redeemed. As at 31 December 2025, there were carrying amounts of £528,465,000 (2024: £561,272,000) of loans to customers and £523,843,000 (2024: £556,524,000) of loan notes outstanding.

Loss during the year was £73,004 (2024: £243,000) and net asset position for the year was £5,378,000 (2024: £5,451,000).

PRINCIPAL RISKS AND UNCERTAINTIES

The directors acknowledge that global macro-economic indicators and the general business environment remained challenging in 2025, marked by continued inflationary pressures, and rising geoeconomic tensions which continue to pose significant challenges to businesses and the underlying borrowers to whom the Company has exposure.

The principal risks facing the Company are capital risk, liquidity risk, interest rate risk and credit risk. These risks have been monitored on an on-going basis during the year and the Company has policies in place to mitigate these risks. Refer to note 12 of the Financial Statements for details.

The Company makes use of reasonable and supportable information to make accounting judgments and estimates. This may include information about the observable effects of the physical and transition risks of climate change, if such risks were to be relevant to the Company; however, in the Directors’ opinion, no such risks are currently relevant to the Company. Many of the effects arising from climate change will be longer term in nature, with an inherent level of uncertainty, and have limited effect on accounting judgments and estimates for the current period.

Based on this assessment, the Directors have a reasonable expectation that there is no material impact of macro-economic factors on the Company’s financial instruments valuation or liquidity, and the Company has adequate resources to continue in operational existence for the period to 30 June 2027, which is in excess of 12 months from when the financial statements are authorised for issue. The financial statements have been prepared on a going concern basis.

FINANCE FOR RESIDENTIAL SOCIAL HOUSING PLC

STRATEGIC REPORT (CONTINUED)

DIRECTOR'S DUTIES

Section 172(1) of Companies Act 2006 requires the directors to act in the way they consider, in good faith, would be most likely to promote the success of the Company for the benefit of its members as a whole. As a special purpose vehicle the governance structure of the Company is such that the key policies have been predetermined at incorporation and the transaction documents formulated to achieve the Company's purpose and business objectives, safeguard the assets and promote the success of the Company with a long term view and in accordance with relevant legislation. Furthermore, the Company has a sole member, no employees and as a special purpose vehicle, the Company has no physical presence or operations and accordingly has minimal impact on the community and the environment.

Directors are supported in the discharge of their duties by the Company Secretary. All directors receive guidance on their statutory duties, including Section 172(1).

Approved by the Board of Directors and signed on behalf of the Board



Apex Corporate Services (UK) Limited (Director)

Date: June 29, 2026 | 4:25 PM BST

FINANCE FOR RESIDENTIAL SOCIAL HOUSING PLC

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare a Strategic Report, Directors' Report and financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with Financial Reporting Standard (FRS) 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs at the end of the year and the profit or loss of the Company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies in accordance with Section 10 of FRS 102 and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with specific requirements in FRS 102 is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the company financial position and financial performance;
- in respect of the company financial statements, state whether FRS 102 has been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

Approved by the Board of Directors and signed on behalf of the Board



Apex Corporate Services (UK) Limited (Director)

Date: June 29, 2026 | 4:25 PM BST

FINANCE FOR RESIDENTIAL SOCIAL HOUSING PLC

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for Finance for Residential Social Housing Plc ("the Company") for the year ended 31 December 2025.

RESULTS AND DIVIDENDS

The results for the year and the state of the Company's affairs are set out in the accompanying financial statements. No dividends were declared or paid by the Company during the year (2024: nil) and the directors do not propose a final dividend (2024: nil).

DIRECTORS AND THEIR INTERESTS

The directors of the Company who served through the year were as follows:

Apex Corporate Services (UK) Limited
Apex Trust Corporate Limited
Sean Peter Martin

None of the directors has any beneficial interest in the Company (2024: nil).

EMPLOYEES

The Company has no employees. Apex Trust Corporate Limited performs the Company secretarial functions. NatWest Markets Plc performs administrative and cash management services for the Company. NatWest Markets Plc has delegated certain administrative functions to Apex Trust Corporate Limited under an agreement dated 26 March 1997.

GOING CONCERN

These financial statements are prepared on a going concern basis, see note 1 on page 17.

AUDITOR

PricewaterhouseCoopers LLP ("PwC") was appointed as auditor at the NatWest Group plc Annual General Meeting in April 2026 and is appointed as NatWest Group's auditor for the financial period ending 31 December 2026. This follows the completion of a competitive tender process, overseen by the Group Audit Committee. Ernst & Young LLP ("EY"), has been the Group's auditor since 2016 and has undertaken the audit of the Company for the financial year ended 31 December 2025. This is EY's last period of audit as they have not been reappointed as auditors. NatWest Group's management will work with EY & PwC to enable a smooth transition.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO THE AUDITOR

The directors confirm that:

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

This confirmation is given and should be interpreted in accordance with the provisions of section 418 of the Companies Act 2006.

Approved by the Board of Directors and signed on behalf of the Board



Apex Corporate Services (UK) Limited (Director)

Date June 29, 2026 | 4:25 PM BST

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF FINANCE FOR RESIDENTIAL SOCIAL HOUSING PLC

Opinion

We have audited the financial statements of Finance for Residential Social Housing Plc (the company) for the year ended 31 December 2025 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the cash flow statement and the related notes 1 to 15 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 company’s affairs as at 31 December 2025 and of its loss 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 are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC’s Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors’ use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors’ assessment of the company’s ability to continue to adopt the going concern basis of accounting included confirmation of our understanding of the nature of the company, with the loan notes collateralised by underlying mortgages and the limited recourse nature of the debt securities issued. We also reviewed the analysis performed by management and confirmed the liquidity facility amount available to cover any temporary shortfall in income. Based on our procedures performed, we concur with the directors’ assessment that the use of going concern basis 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 the period to 30 June 2027 which is 12 months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the company’s ability to continue as a going concern.

Overview of our audit approach

Key audit matters	<ul style="list-style-type: none"> • Estimation uncertainty with respect to impairment of losses on loans • Improper revenue recognition
Materiality	<ul style="list-style-type: none"> • Overall materiality of £2.7m which represents 0.5% of Total assets.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FINANCE FOR RESIDENTIAL SOCIAL HOUSING PLC

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the company. This enables us to form an opinion on the financial statements. We take into account size, risk profile, the organisation of the company and effectiveness of controls, the potential impact of climate change and changes in the business environment when assessing the level of work to be performed. All audit work was performed directly by the audit engagement team.

Climate change

Stakeholders are increasingly interested in how climate change will impact the company. The company has determined there is no material impact from climate change known about now or that could arise in the future, and we concur this is appropriate. This is explained on page 2 in principal risks and uncertainties. This disclosure forms part of the "Other information," rather than the audited financial statements. Our procedures on these unaudited disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated, in line with our responsibilities on "Other information".

In planning and performing our audit we assessed the potential impacts of climate change on the company's business and any consequential material impact on its financial statements. There are no significant judgements or estimates relating to climate change in the notes to the financial statements.

Our audit effort in considering the impact of climate change on the financial statements was focused on evaluating management's assessment of the impact of climate risk on page 2. As part of this evaluation, we performed our own risk assessment to determine the risks of material misstatement in the financial statements from climate change which needed to be considered in our audit.

We also challenged the Directors' considerations of climate change risks in their assessment of going concern and associated disclosures. Where considerations of climate change were relevant to our assessment of going concern, these are described above.

Based on our work we have not identified the impact of climate change on the financial statements to be a key audit matter or to impact a key audit matter.

Key audit matters

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

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF FINANCE FOR RESIDENTIAL SOCIAL HOUSING PLC

Risk	Our response to the risk	Key observations communicated to those charged with governance.
<p>Estimation uncertainty with respect to impairment losses on loans</p> <p>As per Note 1 and Note 6 to the financial statements, at 31 December 2025 the company reported total gross loans of £528m (2024: £561m) and nil impairment losses (2024: nil) as per Note 12 in the financial statements.</p> <p>As per IAS 39, impairment losses on financial assets are incurred if there is objective evidence of impairment as a result of one or more loss events.</p> <p>Management apply judgement when assessing the loan portfolio for loss events. We consider the risk of management not appropriately identifying loss events or indicators of impairment in respect of the loan portfolio as a significant risk.</p> <p>Given the total loan balance in relation to materiality, indicators of impairment (e.g. default in repayment or significant deterioration in counterparty credit score) could lead to a material impairment provision needing to be taken.</p> <p>We do not consider that this risk has increased since the prior year as we have not identified any new circumstances which are likely to cause an increase in impairment, and no impairment has been noted during the year.</p>	<p>We performed a walkthrough to confirm our understanding of the company’s process and controls in respect of identifying indicators of impairment and recording impairment losses on loans. However, we applied a fully substantive audit approach due to the limited number of transactions in the company in the year ended 31 December 2025 and the limited control environment.</p> <p>To test the completeness of the identification of loans with loss events we independently assessed whether IAS 39 loss indicators were present for loans in the portfolio. We performed the following procedures:</p> <ul style="list-style-type: none"> • Evaluated and challenged management’s overall impairment assessment. • Inspected the arrears report for any delayed repayments and vouched any subsequent payment to the bank statements. • Checked for default by agreeing the expected principal and interest repayments as per loan schedules to the actual amounts received in bank statements. • Obtained external evidence such as borrower’s financial statements, credit ratings where available for a sample of loan counterparties to independently assess for indicators of impairment. • Reviewed the directors’ assessment on borrowers’ creditworthiness and inspected the underlying collateral valuation reports to assess whether the collateral amount exceeds the loan balance. 	<p>Based on the procedures we have performed, we conclude that there are no indicators of loan impairment and no consequent loan loss provision, and as such the loan balance is fairly stated in the financial statements as at 31 December 2025, and in accordance with FRS 102.</p>

INDEPENDENT AUDITOR’S REPORT TO THE MEMBERS OF FINANCE FOR RESIDENTIAL SOCIAL HOUSING PLC

<p>Improper Revenue Recognition</p> <p>As per the Statement of Comprehensive Income and Note 1 of the Financial Statements, the company reported total interest income of £46.7m for the year ended 31 December 2025 (2024: £53m).</p> <p>Management apply judgement to estimate cash flow projections and EIR computation. These estimates include assumptions of mortgage prepayment rates and breakage costs.</p> <p>We consider the risk of improper revenue recognition to be a fraud risk. We do not consider that this risk has increased since the previous year as management is using the same method and judgements to estimate cash flow projections.</p>	<p>We performed a walkthrough to confirm our understanding of the company’s process and controls in respect of key assumptions in the model used to calculate interest income. However, we applied a fully substantive audit approach due to the limited number of transactions in the company in the year ended 31 December 2025 and the limited control environment.</p> <p>To test the accuracy of the revenue recognised in the financial statements as at 31 December 2025, we performed the following procedures:</p> <ul style="list-style-type: none"> • We involved valuation specialists to assist us to evaluate the model’s adequacy and its assumptions, including the evaluation of the mortgage prepayment rates and breakages costs. • We performed testing over the underlying inputs into the loan model. • We independently recalculated the loans balance and related interest income recognised during the year. • We inspected bank statements to confirm interest payments received from borrowers during the year. 	<p>Based on the procedures we have performed, we conclude that revenue has been recognised in accordance with FRS 102 and is fairly stated in the financial statements for the year ended 31 December 2025.</p>
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Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FINANCE FOR RESIDENTIAL SOCIAL HOUSING PLC

Materiality

The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the company to be £2.7 million (2024: £2.8 million), which is 0.5% (2024: 0.5%) of Total assets. We believe that Total assets provides us with the most appropriate basis for the audit materiality as (i) the primary users of the financial statements, i.e., the investors who hold the notes issued by the company, are focused on the carrying value of the assets that form the main source of funds to repay the debt issued and (ii) revenue/profit measures are less relevant given the nature of company's activities.

Performance materiality

The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the company's overall control environment, our judgement was that performance materiality was 75% (2024: 75%) of our planning materiality, namely £2m (2024: £2.1m). We have set performance materiality at this percentage based on various considerations including the past history of misstatements and other factors affecting the entity and its financial reporting.

Reporting threshold

An amount below which identified misstatements are considered as being clearly trivial.

We agreed with those charged with governance that we would report to them all uncorrected audit differences in excess of £133k (2024: £141k), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained with the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

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

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

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

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' reports have been prepared in accordance with applicable legal requirements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FINANCE FOR RESIDENTIAL SOCIAL HOUSING PLC

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 directors' report.

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

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

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 4, 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.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the company and determined that the most significant are the UK Companies Act 2006, Tax Legislation (governed by HM Revenue and Customs), FCA listing rules and UK GAAP including FRS 102.
- We understood how the company is complying with those frameworks by making inquiries of management and the directors for their awareness of any non-compliance or suspected non-compliance with laws and regulations. We also reviewed minutes of Board meetings.
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved inquiring of management and directors as well as reviewing board minutes.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FINANCE FOR RESIDENTIAL SOCIAL HOUSING PLC

- We assessed the susceptibility of the company's financial statements to material misstatement, including how fraud might occur by considering the potential for management override of controls over the valuation of loans and recognition of related revenue. Where the risk was higher, we performed audit procedures to address each identified fraud risk or other risk of material misstatement. These procedures included those on revenue recognition and the assessment of items involving accounting judgements or estimates. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.

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

Other matters we are required to address

- Following the recommendation from the Directors we were appointed by the company on 30 June 2017 to audit the financial statements for the year ending 31 December 2016 and subsequent financial periods.

The period of total uninterrupted engagement including previous renewals and reappointments is 10 years, covering the years ending 31 December 2016 to 31 December 2025.

- The non-audit services prohibited by the FRC's Ethical Standard were not provided to the company and we remain independent of the company in conducting the audit.
- The audit opinion is consistent with the additional report to those charged with governance.

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.

Signed by:

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Hitesh Patel (Senior statutory auditor)

for and on behalf of Ernst & Young LLP, Statutory Auditor

London

Date: 29 June 2026

FINANCE FOR RESIDENTIAL SOCIAL HOUSING PLC**STATEMENT OF COMPREHENSIVE INCOME****For the year ended 31 December 2025**

	Notes	2025 £'000	2024 £'000
Interest income from loans to customers		46,675	53,209
Total revenue		<u>46,675</u>	<u>53,209</u>
Interest expense on loan notes		(46,052)	(52,796)
Interest expense on liquidity advance		(182)	(204)
Total interest expense		<u>(46,234)</u>	<u>(53,000)</u>
Gross profit		<u>441</u>	<u>209</u>
Operating expenses	7	(514)	(452)
Net loss before taxation		<u>(73)</u>	<u>(243)</u>
Taxation charge	8	-	-
Total comprehensive loss for the year		<u>(73)</u>	<u>(243)</u>

All of the amounts above are in respect of continuing operations.

The accompanying notes from page 17 to 28 are an integral part of these financial statements.

FINANCE FOR RESIDENTIAL SOCIAL HOUSING PLC**STATEMENT OF FINANCIAL POSITION****As at 31 December 2025**

	Notes	2025 £'000	2024 £'000
Non-current assets			
Investments – loans to customers	6	487,011	519,647
Other receivables	5	12	12
		<u>487,023</u>	<u>519,659</u>
Current assets			
Investments - loans to customers	6	41,454	41,625
Cash and cash equivalents	4	3,450	3,371
Other receivables	5	-	10
		<u>44,904</u>	<u>45,006</u>
Total assets		<u><u>531,927</u></u>	<u><u>564,665</u></u>
Current liabilities			
Loan notes issued	9	(40,081)	(40,171)
Other payables		(164)	(143)
Liquidity advance interest payable		(42)	(47)
		<u>(40,287)</u>	<u>(40,361)</u>
Net current assets		<u>4,617</u>	<u>4,645</u>
Non-current liabilities			
Loan notes issued	9	(483,762)	(516,353)
Liquidity advance	10	(2,500)	(2,500)
		<u>(486,262)</u>	<u>(518,853)</u>
Total liabilities		<u>(526,549)</u>	<u>(559,214)</u>
Net assets		<u><u>5,378</u></u>	<u><u>5,451</u></u>
Equity			
Share capital	11	12	12
Retained earnings		5,366	5,439
Total equity		<u><u>5,378</u></u>	<u><u>5,451</u></u>

The accompanying notes from page 17 to 28 are an integral part of these financial statements.

These financial statements of Finance for Residential Social Housing plc, registration number 3302722, were approved and authorised for issue by the Board of Directors on 29 June 2026

Signed on behalf of the Board of Directors



Sean Martin

Apex Corporate Services (UK) Limited

Date: June 29, 2026 | 4:25 PM BST

FINANCE FOR RESIDENTIAL SOCIAL HOUSING PLC**STATEMENT OF CHANGES IN EQUITY****For the year ended 31 December 2025**

	Share capital	Retained earnings	Total
	£'000	£'000	£'000
Balance as at 1 January 2024	12	5,682	5,694
Total comprehensive loss for the year	-	(243)	(243)
Balance as at 31 December 2024	12	5,439	5,451
Total comprehensive loss for the year	-	(73)	(73)
Balance as at 31 December 2025	12	5,366	5,378

The accompanying notes on pages 17 to 28 are an integral part of these financial statements.

FINANCE FOR RESIDENTIAL SOCIAL HOUSING PLC**CASH FLOW STATEMENT****For the year ended 31 December 2025**

	Note	2025 £'000	2024 £'000
Cash flows from operating activities			
Interest received on loans to customers		54,076	62,504
Interest paid on loan notes		(45,519)	(48,489)
Premium and breakage costs		(8,039)	(13,385)
Interest paid on liquidity advance		(186)	(206)
Operating expenses paid		(493)	(462)
Net cash flows used in operating activities		(161)	(38)
Cash flows from investing activities			
Redemption of loan portfolio		25,416	34,670
Net cash flows from investing activities		25,416	34,670
Cash flows from financing activities			
Redemption of loan notes		(25,176)	(35,119)
Net cash flows used in financing activities		(25,176)	(35,119)
Net increase/(decrease) in cash and cash equivalents		79	(487)
Cash and cash equivalents at beginning of year		3,371	3,858
Cash and cash equivalents at end of year	4	3,450	3,371

The accompanying notes form page 17 to 28 are an integral part of these financial statements.

ANALYSIS OF CHANGE IN NET DEBT

	Liquidity Advance £'000	Loan Notes issued £'000
Opening balance as at 1 January 2025	2,500	556,524
Cash movement	-	(25,176)
Non cash movement	-	(7,505)
Closing balance as at 31 December 2025	2,500	523,843

FINANCE FOR RESIDENTIAL SOCIAL HOUSING PLC

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and in the prior year, are set out below:

General information

Finance for Residential Social Housing plc (“the Company”) is a public company limited by shares incorporated in the United Kingdom and registered in England. The nature of the Company’s operations and its principal activities are set out in the Directors’ Report.

Statement of compliance

The financial statements of the Company have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, ‘The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland’ (FRS 102) and the Companies Act 2006.

Basis of Preparation

The financial statements are prepared in accordance with applicable accounting standards and were authorised for issue by the Board of Directors on 30 June 2027. The financial statements are prepared in pound Sterling (£) which is the presentational currency of the Company and are rounded to the nearest £’000, unless otherwise noted. The functional currency of the Company is pound Sterling.

Going concern

Based on the Company’s financial and liquidity position there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future and have prepared the financial statements on a going concern basis.

The Directors have performed a review to determine whether the going concern basis of preparation remains appropriate. The Directors considered that there have been no default in the receipt of payment due and none of the housing associations have requested for a payment holiday. The housing associations have access to Housing Benefit and Universal Credit for those that need it which will underpin their revenue for the next 12 months. Current cash balances and available liquidity were assessed to be sufficient to cover the entity’s operating expenses. Based on this, the directors consider the possibility of default to be sufficiently remote to enable adoption of the going concern basis of preparation.

The £2.5m liquidity facility is held in the Company’s bank account and remains available should there be a shortfall to pay interest in respect of the Series 1 Loans and Series 2 Loans. Based on this assessment, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for at least 12 months from the date of approval of these financial statements, and therefore the financial statements have been prepared on a going concern basis.

Based on this assessment, the Directors have a reasonable expectation that there is no material impact of the macro-economic factors on the Company’s financial instruments valuation or liquidity, and the Company has adequate resources to continue in operational existence for the period to 30 June 2027, which is in excess of 12 months from when the financial statements are authorised for issue and have been prepared on a going concern basis.

The Company will continue to monitor the market to assess on current and future developments.

- Under FRS 102 the Financial Reporting Standard applicable in the UK and Republic of Ireland issued by the Financial Reporting Council.

FINANCE FOR RESIDENTIAL SOCIAL HOUSING PLC

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (CONTINUED)

Basis of Preparation (continued)

Segment information

The Company's reportable segment is that of UK social housing loans. Revenue reported represents revenue generated from external customers within this segment, and all assets and liabilities, including current taxation, are allocated to this reportable segment.

Financial instruments

Financial assets and liabilities are recognised on the Company's Statement of Financial Position when the Company becomes party to the contractual provisions of the instrument.

Under FRS 102, in accounting for its financial instruments a reporting entity is required to apply either;

- a) the full provisions of Section 11 "Basic Financial Instruments" and Section 12 "Other Financial Instruments" of FRS 102;
- b) the recognition and measurement provisions of International Accounting Standards 39 "Financial Instruments: Recognition and Measurement" ("IAS 39") and only the disclosure requirements of Sections 11 and 12 of FRS 102; or
- c) the recognition and measurement provisions of International Financial Reporting Standards ("IFRS") 9 "Financial Instruments" ("IFRS 9") and the disclosure requirements of Sections 11 and 12 of FRS 102.

The Company has elected to apply the recognition and measurement provisions of IAS 39 and the disclosure requirements of Sections 11 and 12 of FRS 102.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits with banks together with short-term highly liquid investments that are readily convertible to known amounts of cash and subject to insignificant risk of changes in value. Interest income receivable on cash and cash equivalents is accounted for on an accruals basis using the effective interest rate method. The effective interest rate is the rate that exactly discounts all estimated future cash payments or receipts through the expected life of the financial instrument.

Receivables

Receivables are classified as "loans and receivables" and are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

Investments – loans to customers

The Company chooses to apply the recognition and measurement provisions of IAS 39 as allowed by FRS 102.11.2(b). Under IAS 39, the Company's investment in loans to customers is classified as 'loans and receivables' at a portfolio level and held at amortised cost with interest income recognised in the Statement of Comprehensive Income using the effective interest rate method. The effective interest rate is the rate that exactly discounts all estimated future cash payments or receipts through the expected life of the financial instrument.

At each reporting date, an assessment will be made to determine if there are any indications of impairment. If indications are present, impairment testing will be performed using estimated future cash flows discounted at the original effective interest rate. Any losses will be recognised immediately in the Statement of Comprehensive Income.

Other payables

Other payables are classified as "other financial liabilities" and are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

FINANCE FOR RESIDENTIAL SOCIAL HOUSING PLC

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES (CONTINUED)

Loan notes issued

The Company chooses to apply the recognition and measurement provisions of IAS 39 as allowed by FRS 102.11.2(b). Under IAS 39, the Company's loan notes liability is classified as 'other financial liabilities' and held at amortised cost with interest expense recognised in the Statement of Comprehensive Income using the effective interest rate method. The effective interest rate is the rate that exactly discounts all estimated future cash payments or receipts through the expected life of the financial instrument. Each class of notes issued is measured separately at amortised cost.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability. The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Operating expenses

Operating expenses are accounted for on an accrual basis.

Taxation

The Company has elected to be taxed under the 'permanent' tax regime, for securitisation companies (contained in Statutory Instrument 2006/3296), under which the Company is taxed broadly by reference to its net cash flows during the period and not by reference to its accounting profit.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with FRS 102 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense, in particular the estimation of future cash flows on the loans to customers and loan notes issued in order to determine the amortised cost balance of these instruments.

Key sources of estimation uncertainty

The estimates and associated assumptions including credit risk are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgements on carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates used in the financial statements.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both the current and future periods.

The determination of the effective interest rate for the loan involves judgement in estimating the expected timing and amount of contractual cash flows over its life. This includes consideration of transaction costs and fees that are integral to the yield of the instrument, as well as, where applicable, assumptions regarding credit risk and recoverability. Although the loan terms are generally fixed and not complex, changes in these assumptions may impact the carrying value of the loan and the recognition of interest income or expense over its term.

FINANCE FOR RESIDENTIAL SOCIAL HOUSING PLC

NOTES TO THE FINANCIAL STATEMENTS

3. DIRECTORS AND EMPLOYEES

None of the directors received any emoluments for their services to the Company during the year (2024: nil). None of the directors had any material interests in any contract of significance in relation to the business of the Company (2024: none). The Company does not have any employees (2024: none). Apex Trust Corporate Limited receive a fee for the services provided refer note 14 for details.

4. CASH AND CASH EQUIVALENTS

	2025 £'000	2024 £'000
Cash at bank	3,450	3,371

Cash at bank includes proceeds of £2.5m (2024: £2.5m) from the Lloyd's liquidity facility drawn down as per Note 10. The facility is held in the Company's bank account and remains available should there be a shortfall to pay interest in respect of the Series 1 Loans and Series 2 Loans.

5. OTHER RECEIVABLES

	2025 £'000	2024 £'000
CURRENT RECEIVABLES		
Receivable from Orchardbrook	-	10
	-	10
NON CURRENT RECEIVABLES		
Unpaid share capital	12	12
	12	12

The unpaid share capital is an interest free receivable and is payable by Finance for Residential Social Housing (Holdings) Limited on demand. Management do not intend to call upon it in the next 12 months and therefore this has been classified as a non-current receivable.

6. INVESTMENTS – LOANS TO CUSTOMERS

	2025 £'000	2024 £'000
Loans to customers – current	41,454	41,625
Loans to customers – non current	487,011	519,647
Loans and mortgages purchased from Orchardbrook	528,465	561,272

FINANCE FOR RESIDENTIAL SOCIAL HOUSING PLC

NOTES TO THE FINANCIAL STATEMENTS

7. OPERATING EXPENSES

	2025 £'000	2024 £'000
Audit Fee	122	100
Other administration expenses	392	352
	<u>514</u>	<u>452</u>

Auditors' remuneration in respect of the financial year:

	2025 £'000	2024 £'000
Audit Fee*	79	76
	<u>79</u>	<u>76</u>

* Audit fees disclosed for the year is exclusive of VAT

8. TAXATION ON PROFIT/(LOSS) OF ORDINARY ACTIVITIES

	2025 £'000	2024 £'000
Current taxation:		
Charge for the year	-	-
(Over)/Under provision in respect of prior periods	-	-
Tax charge for the year	<u>-</u>	<u>-</u>

The actual tax (credit)/charge differs from the expected tax (credit)/charge computed by applying the standard rate of UK corporation tax of 25% (2024: 25%) as follows:

Loss on ordinary activities before tax	(73)	(243)
Expected tax credit	(18)	(61)
Adjustment under s14(4)SI 2006/3296	18	61
Actual tax charge	<u>-</u>	<u>-</u>

The tax charge for 2025 is £300 (2024: £300).

The company has elected into the Taxation of Securitisation Companies Regulations 2006 since 2007. From 2008, it is subject to SI 2006/3296 and is taxed on retained profits.

The rate of tax enacted at the balance sheet date was 25% (2024: 25%).

FINANCE FOR RESIDENTIAL SOCIAL HOUSING PLC

NOTES TO THE FINANCIAL STATEMENTS

9. LOAN NOTES ISSUED

	2025	2024
	£'000	£'000
Loan notes issued		
Series 1 notes	514,230	546,636
Series 3 notes	9,613	9,888
	<u>523,843</u>	<u>556,524</u>
Amounts due within one year	40,081	40,171
Amounts due 1-5 years	130,848	125,993
Amounts due after 5 years	352,914	390,360
	<u>523,843</u>	<u>556,524</u>

There are three series of loan notes that were issued and Series 1 are listed on the London Stock Exchange. Loan notes are secured on the underlying loans to customers. The Series 2 noteholders had been fully paid in 2024.

Series 1 Notes are fixed rate notes issued at a premium and were issued in tranches. The issuance price, contractual interest rate and effective interest rate of each series are as follows:

	Issuance price	Contractual interest rate	Effective interest rate
Series 1 A1	127.039%	8.37%	8.55%
Series 1 A2	120.204%	8.57%	8.55%
Series 1 A3	124.620%	8.57%	8.55%
Series 1 B	122.136%	8.77%	8.55%

Series 3 Notes are fixed rate notes issued at par, and their contractual and effective interest rates are fixed at 6.5% per annum.

The legal maturity of the above loan notes is 2058. However, it is expected that these will be repaid before maturity as the remaining life of the underlying collateral ranges from 1 to 30 years.

On the earlier of i) the Payment Date in 2058 and ii) in the event of the security over the Loan Notes being enforced, Finance for Residential Social Housing (Holdings) Limited in its capacity as the Post Maturity Call Option holder will have the option to purchase all the Notes then outstanding in consideration for the payment of £0.01 in respect of each Note. Upon the exercise of the Post Maturity Call Option, the Noteholders will cease to have any rights against the Company.

10. LIQUIDITY ADVANCE

	2025	2024
	£'000	£'000
Liquidity advance	<u>2,500</u>	<u>2,500</u>

The £2.5m is held in the Company's bank account and will only be repaid upon maturity of the Notes or the payment date occurring in October 2058; whichever is earlier. The annual effective interest rate applicable to this liquidity facility at period end was 7.26% (2024: 8.15%) which was set as per the base rate offered by the liquidity facility provider plus margin.

FINANCE FOR RESIDENTIAL SOCIAL HOUSING PLC

NOTES TO THE FINANCIAL STATEMENTS

11. SHARE CAPITAL

	2025	2024
	£	£
Authorised share capital:		
50,000 ordinary shares of £1 each	50,000	50,000
Allotted, called up and fully paid:		
2 ordinary shares of £1 each	2	2
Allotted, called up and unpaid:		
49,998 ordinary shares partly called up at 25p per share	12,500	12,500

The Company has one class of ordinary shares which carry no right to fixed income.

12. FINANCIAL INSTRUMENTS

The Company's financial instruments comprise amounts due from a portfolio of loans to housing associations and other registered landlords and various tranches of loan notes and other loans repayable. It is and has been throughout the period, the Company's policy that no trading in financial instruments shall be undertaken.

Capital risk management

The Company manages its capital to ensure it will be able to continue as a going concern.

The capital structure of the Company primarily comprises issued notes (see note 9). Other sources of funding consist of equity attributable to equity holders of the parent, comprising issued share capital and retained earnings. The loan notes issued are collateralised by the loans to customers disclosed in note 6.

Financial risk analysis

Interest rate risk

Interest rate risk arises in the Company as a result of the existence of floating rate financial instruments. Interest rate risk is managed by matching floating rate assets with floating rate liabilities.

At period end, the amount of loans to customers which were at floating rates was £145,103 (2024: £345,000). These loans are subject to movements in the Public Works Loan Board (PWL) rate, as well as a bucket of rates taken from various mortgageors. The annual effective interest rate applicable to these loans at period end was 9.11% (2024: 9.11%).

FINANCE FOR RESIDENTIAL SOCIAL HOUSING PLC

NOTES TO THE FINANCIAL STATEMENTS

12. FINANCIAL INSTRUMENTS (CONTINUED)

The table below shows the effective interest rates of the fixed and floating financial assets and liabilities as at the balance sheet date.

	2025	2025	2024	2024
	Effective interest rate	Carrying amount	Effective interest rate	Carrying amount
Loans	% p.a.	£'000	% p.a.	£'000
Assets				
Loans to customers				
Fixed rates	8.59	528,320	8.59	560,927
Floating rates	5.13	145	9.11	345
		528,465		561,272
Liabilities				
Notes issued				
Fixed rates	8.55	(514,230)	8.55	(546,636)
Fixed rates	6.50	(9,613)	6.50	(9,888)
Liquidity advance	7.26	(2,500)	7.26	(2,500)
		(526,343)		(559,024)

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or other financial assets. Funding has been obtained through the issue of notes. The Company has in place a liquidity facility to meet its short term obligations on the notes. The £2.5m non-recourse liquidity facility is held in the Company's bank account and remains available should there be a shortfall to pay interest in respect of the Series 1 Loans and Series 2 Loans.

The table below reflects the undiscounted contractual cash flows of financial liabilities at the balance sheet date of non-derivative financial instruments.

FINANCE FOR RESIDENTIAL SOCIAL HOUSING PLC

NOTES TO THE FINANCIAL STATEMENTS

12. FINANCIAL INSTRUMENTS (CONTINUED)

As at 31 December 2025	Carrying value	Gross cash flows	<3 mths	3-12 mths	1-5 yrs	>5 yrs
	£'000	£'000	£'000	£'000	£'000	£'000
Loan notes and interest payable	(523,843)	(872,335)	-	(73,183)	(276,812)	(522,340)
Liquidity advance	(2,500)	(2,500)	-	-	-	(2,500)
Liquidity advance interest payable	(42)	(42)	(42)	-	-	-
	<u>(526,385)</u>	<u>(874,877)</u>	<u>(42)</u>	<u>(73,183)</u>	<u>(276,812)</u>	<u>(524,840)</u>

As at 31 December 2024	Carrying value	Gross cash flows	<3 mths	3-12 mths	1-5 yrs	>5 yrs
	£'000	£'000	£'000	£'000	£'000	£'000
Loan notes and interest payable	(556,524)	(951,850)	-	(75,258)	(283,546)	(593,046)
Liquidity advance	(2,500)	(2,500)	-	-	-	(2,500)
Liquidity advance interest payable	(47)	(47)	(47)	-	-	-
	<u>(559,071)</u>	<u>(954,397)</u>	<u>(47)</u>	<u>(75,258)</u>	<u>(283,546)</u>	<u>(595,546)</u>

Credit risk

The Company faces credit risk that the borrower might not be able to meet their obligation as they fall due. The Company is exposed to credit risk on its loans to Registered Social Landlords. The loan portfolio consisted of amortising loans held by the Housing Corporations of England and Wales. However, these loans to customers have been lent to several counterparties; therefore the credit risk is not concentrated to one area. The Company monitors its credit exposure on a regular basis. There were no instances of delinquency and defaults on the underlying loan portfolio, and as a consequence no impairment was booked as at the year end (2024: nil).

The loans have been classified into two categories i.e. consolidated and unconsolidated loans. With the consolidation of loans, the individual fixed rate loans are amalgamated and the term is recalculated. The new loan has an annuity amount which is not greater than the total of the current loans. The interest rate and term of new loan depends on the annuity amount but is such that the present value of the new cash flow is the same as the old cash flow. Consolidation only happens at the request of the borrower and if the loans meet three coverage ratios: (a) 1:1.875 Total Indebtedness to Market Value (b) 1:1.3 Total Indebtedness to Existing Use Value – Social Housing, and (c) 1:1 Total annual loan repayments to net rental income. As at 31 December 2025, the total loan portfolio of the Company comprises of 94% consolidated loans and 6% non-consolidated loans (2024: 94% consolidated loans and 6% non-consolidated loans).

FINANCE FOR RESIDENTIAL SOCIAL HOUSING PLC

NOTES TO THE FINANCIAL STATEMENTS

12. FINANCIAL INSTRUMENTS (CONTINUED)

The maximum exposure to credit risk arising on the Company's financial assets at the reporting date is disclosed in the table below.

	Carrying value	Maximum exposure	Carrying value	Maximum exposure
	31-Dec-25	31-Dec-25	31-Dec-24	31-Dec-24
	£'000	£'000	£'000	£'000
Assets				
Loans to customers	528,465	528,465	561,272	561,272
Cash and cash equivalents	3,450	3,450	3,371	3,371
	531,915	531,915	564,643	564,643

Fair values of financial assets and financial liabilities

The comparison of carrying and fair values of all the Company's financial instruments is set out below.

	31-Dec-25	31-Dec-25	31-Dec-24	31-Dec-24
	Fair value	Carrying value	Fair value	Carrying value
	£'000	£'000	£'000	£'000
Financial assets				
Cash and cash equivalents	3,450	3,450	3,371	3,371
Receivables	12	12	22	22
Loans to customers	610,360	528,465	641,156	561,272
	613,822	531,927	644,549	564,665
Financial liabilities				
Payables	(205)	(205)	(190)	(190)
Loan notes issued	(604,160)	(523,843)	(634,224)	(556,524)
Liquidity advance	(2,500)	(2,500)	(2,500)	(2,500)
	(606,865)	(526,548)	(636,914)	(559,214)
	6,957	5,379	7,635	5,451

In the current year, the fair values of the loan notes issued have been determined by discounted cash flow analysis. The fair value of the loans to customers have been estimated based on the fair value of the loan notes issued since the characteristics of the loans to customers and loan notes issued are similar. The carrying value of other receivables and payables approximate fair value due to their short-term contractual cash flows.

Classification of financial instruments

As at 31 December 2025, the fair values of the financial instruments are classified as follows:

Level 1 - fair values are based on quoted market prices (unadjusted) in active markets for an identical instrument.

Level 2 - fair values are calculated using valuation techniques based on observable inputs, either directly (i.e. as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using quoted market prices in active markets for similar instruments, quoted prices for identical or similar instruments in markets that are considered less than active or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

FINANCE FOR RESIDENTIAL SOCIAL HOUSING PLC

NOTES TO THE FINANCIAL STATEMENTS

12. FINANCIAL INSTRUMENTS (CONTINUED)

Level 3 - fair values are based on valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. The prices are traders' best estimates of the valuation. There is no alternative model.

The following table presents the levels within the fair value hierarchy for each of the assets and liabilities not carried at fair value as at 31 December but for which fair value is disclosed.

	Level 1 £'000	Level 2 £'000	Level 3 £'000
2025			
Financial assets			
Loans to customers	-	-	610,360
	-	-	610,360
Liabilities			
Loan notes issued	-	-	(604,160)
Liquidity advance	-	(2,500)	-
	-	(2,500)	(604,160)
2024			
Financial assets			
Loans to customers	-	-	641,156
	-	-	641,156
Liabilities			
Loan notes issued	-	-	(634,224)
Liquidity advance	-	(2,500)	-
	-	(2,500)	(634,224)

Significant unobservable inputs used in the valuation of loan notes issued and loans to customers include assumptions on discount rates and prepayment rates.

13. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

Finance for Residential Social Housing (Holdings) Limited, a company incorporated in the United Kingdom and registered in England and Wales, holds the entire ordinary share capital of the Company however, it does not control the Company due to the restrictive terms of the notes issued. The Company does not have a controlling party.

FINANCE FOR RESIDENTIAL SOCIAL HOUSING PLC

NOTES TO THE FINANCIAL STATEMENTS

14. RELATED PARTIES TRANSACTIONS

Royal Exchange Trust Company Limited owns 100% of Finance for Residential Social Housing (Holdings) Limited and Orchardbrook Limited. Finance for Residential Social Housing (Holdings) Limited holds the shares in Finance for Residential Social Housing Plc. The table below summarises all the related party transactions with Orchardbrook Limited and Finance for Residential Social Housing (Holdings) Limited.

	Balance sheet asset/(liability)		Profit and loss account income/(expense)	
	2025 (£'000)	2024 (£'000)	2025 (£'000)	2024 (£'000)
Orchardbrook Limited				
Interest on loan notes issued	-	-	(642)	(632)
Interest accrued	-	(233)	-	-
Series 3 loan notes issued	(9,613)	(9,656)	-	-
Audit fee receivable	-	10	-	-
Finance for Residential Social Housing (Holdings) Limited				
Unpaid share capital	12	12	-	-

Due to the fact that Apex Trust Corporate Limited acts as a director of the Company, any transactions between the Company and Apex Trust Corporate Limited are deemed to be related party transactions. During the year, the Company incurred charges of £9,321 (2024: £9,067) in relation to services provided by Apex Trust Corporate Limited directly chargeable to the Company.

15. EVENTS OCCURRING AFTER THE STATEMENT OF FINANCIAL POSITION DATE

There has been no subsequent event after the statement of financial position date.