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Company Number 09288564

Paragon Treasury Plc

Financial Statements for the year ended 31 March 2026



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Company Information

Directors	Susan Goldsmith Simon Hatchman Sukhjinder Kalirai Timothy Jennings
Company Secretary	Richard Hood (appointed 8 April 2025 and resigned on 27 March 2026) Ian Hill (appointed on 27 March 2026)
Company Number	09288564
Registered Office	Case House 85-89 High Street Walton on Thames Surrey KT12 1DZ
Banker	Barclays Education; Social Housing & Local Authorities Team Barclays Corporate PO Box 3333 1 Snow Hill Snow Hill Queensway Birmingham B3 2WN
Auditor	KPMG LLP 15 Canada Square Canary Wharf London E14 5GL
Solicitor	Devonshires LLP 30 Finsbury Circus London EC2M 7DT

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Directors' Report

The directors present their report together with the audited financial statements for the year to 31 March 2026.

Overview and principal activities

Paragon Treasury Plc (PTP) was incorporated on 30 October 2014.

PTP is a wholly owned subsidiary of Paragon Asra Housing Limited (which trades as and is known under the registered trademark "PA Housing").

PTP is a special purpose funding vehicle, used to secure funding for PA Housing. PTP obtains finance directly from capital markets and on-lends this to PA Housing. All associated expenses are borne by PA Housing as the underlying borrower.

Financial instruments

PTP has no financial instruments other than its outstanding bond issuance (which comprises two separate bonds). The directors consider that PTP has a low level of exposure to interest rate risk and credit risk.

Results and dividends

The Statement of Comprehensive Income shows the results for the year.

Future developments

The directors do not anticipate any changes in the company's principal activity.

Going concern

The Board is confident that both the Group and Company have sufficient funding in place and anticipates the Group will remain compliant with its debt covenants even in severe but plausible downside scenarios.

Consequently, the directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

Employees

PTP does not employ any staff.

Political and charitable contributions

The Company made no political or charitable donations, nor did it incur any political expenditure during the period.

Directors and their interests

The directors of the company who held office during the period are as follows:

Simon Hatchman
Sukhjinder Kalirai
Susan Goldsmith
Timothy Jennings

None of the directors who held office during the year had any interest in the shares of the Company.

Corporate Governance Statement

PTP is required to comply with the applicable sections of DTR7 of the Financial Conduct Authority handbook. The Company is a wholly owned subsidiary of Paragon Asra Housing Limited which complies with the National Housing Federation's 2020 Code of Governance and 2022 Code of Conduct.

Audit and Risk Committee

The Board is supported by PA Housing's Finance, Risk and Audit Committee (FRAC).

FRAC oversees internal control, risk and management procedures, as well as reviewing the annual financial statements and external audit recommendations and financial reporting and control.

The Committee includes four non-executive parent Board members and it met six times in 2025/26.

At the meeting of FRAC in February 2026 the Committee was presented with the audit plan and strategy by the Group's external auditors, KPMG LLP. FRAC has also reviewed PA Housing's long-term business plan, particularly to ensure that future cash flow plans include the repayment of the debt owed to PTP. FRAC was satisfied with the ability of PA Housing and the Company to meet their obligations.

Directors' Report

Principal risks and uncertainties

The principal risk faced by PTP is that PA Housing is unable to meet its obligations in making payments of interest or principal when they fall due. To mitigate this risk, PTP and PA Housing have entered into secured loan agreements (the Bond Loan Agreements) pursuant to which PA Housing provides security in the form of social housing assets. These assets are subject to regulation by the Regulator of Social Housing (RSH) and therefore offer a level of protection in terms of regulatory scrutiny. PTP has the right to seek recourse to this security if PA Housing fails to meet any payment obligations due by it under the respective bond issue to PTP.

At 31 March 2026 PA Housing was rated A3 (Negative) by Moody's.

Assessment of the effectiveness of internal controls

The directors have overall responsibility for maintaining a sound system of internal controls and for reviewing its effectiveness. The directors recognise that such a system can provide only reasonable and not absolute assurance against material misstatements or loss.

The system of internal controls is designed to manage risk and fraud and to provide reasonable assurance that key business objectives and expected outcomes will be achieved. It also exists to give reasonable assurance about the preparation and reliability of financial and operational information and the safeguarding of the company's assets and interests.

In meeting their responsibilities, the directors have adopted a risk-based approach to internal controls. This approach is implemented across the PA Housing group of entities, and involves continuous oversight, scrutiny and challenge. Further details are provided in the consolidated accounts of PA Housing.

Risk management objectives and policies

PA Housing's treasury function is responsible for the management of the group's funds, including those held by PTP, and controlling the associated risks. Its activities are governed by the Board of PA Housing, which oversees treasury strategy and associated risk management for all group entities including PTP.

By order of the Board

Signed by:

Susan Goldsmith

Director

23 September 2026

Paragon Treasury Plc
Case House
85-89 High Street
Walton on Thames
Surrey
KT12 1DZ

Strategic Report

Principal activities and review of business

The Statement of Comprehensive Income shows a nil profit for the period (2025: nil). This is in line with PTP's role as a special purpose lending vehicle not seeking to generate financial returns.

In 2015 PTP issued a £250m bond (the 2047 Bond), of which £25m was retained on the same day for future issuance on or before 21 January 2020. The 2047 Bond has a coupon rate of 3.625% and was raised to help PTP's parent undertaking the development of new homes, and to refinance existing loans. At issue the yield was 3.626% and the bond was issued at a discount of £40,500.

On 30 October 2019 PTP issued the retained bonds of £25m. The 2047 Bond was trading above par given the prevailing level of interest rates, leading to net issuance proceeds of £28,539,507.

On 29 April 2021, PTP issued a £400m sustainable bond (the 2036 Bond) at a coupon of 2.0%. The bond was for 15 years with £100m retained for future use, to be issued within five years of the original issue date.

In December 2023 PTP issued the remaining bonds at an effective yield of 5.775%, raising net proceeds of £66.9m.

The 2036 Bond provides that proceeds may be used in accordance with the accompanying sustainable finance framework (published on PA Housing's website). The framework identifies four broad uses of proceeds:

- **Affordable housing:** funding the development of new homes to meet PA Housing's development ambitions.
- **Green buildings:** enhancing the energy performance of existing homes.
- **Clean transportation:** financing the provision of electric vehicle charging points.
- **Affordable basic infrastructure and essential services:** funding work at our estates to improve provision of green space and amenities for residents.

As at 31 March 2026 the full net proceeds from the 2036 Bond had been allocated in accordance with the framework.

All bond proceeds are on-lent to PA Housing.

Effects of material estimates and judgements upon performance

There have been no material estimates or judgements made in the preparation of these financial statements.

Qualifying third party indemnity provisions

The company has no qualifying third-party indemnity provisions in place for the directors of PTP.

Interest rate risk management

PTP has borrowed funds on a fixed rate basis from the capital markets and on-lent the proceeds at the same fixed rate. As such PTP is not exposed to interest rate risk. PTP does not undertake any additional interest rate hedging activities, nor has it entered into any interest rate derivative transactions. PTP's underlying credit risk with PA Housing is noted above.

Strategic Report

Viability Statement

As required by the provisions of the UK Corporate Governance Code, the directors have assessed the long-term viability of Paragon Treasury Plc (the Company) for a period of three years, taking into account the Company's current position and the potential impact of the principal risks documented in the strategic report.

The nature of the Company's activity is to hold long term bonds and on-lend within the group. The on-lending in place at 31 March 2026 is made to PA Housing as the parent company, and in respect of the 2036 Bond is due for repayment on May 7th 2036, and in respect of the 2047 Bond repayments commence in 2042, and run through to 2047.

In making this assessment the directors have considered the following characteristics of the business:

The board of PA Housing has adopted a set of financial targets and golden rules which underpin the parent company's approach to financial management. Through long term financial planning work, PA Housing ensures that these rules are harmonised with its broader corporate objectives so that in effect, they comprise the building blocks of its financial strategy. This approach helps the parent company to preserve financial resilience into the long term.

The long-term financial business plan demonstrates the ability of the parent company to service its level of borrowings, taking into account detailed stress testing of the plan which involves flexing a number of assumptions underlying the forecast both individually and together under a range of scenarios. The stress testing includes detailed financial modelling to reflect the potential impact on PA Housing's financial condition from a number of operational, financial and economic risk factors.

The approach to risk management as set out in the Directors' and strategic report ensures that PA Housing takes a structured approach to the management of risk, and the principal risks are identified and reviewed regularly by the Finance, Risk and Audit Committee as well as by PA Housing's Board.

One of the financial golden rules concerns liquidity, which is closely monitored through regular reforecasting of cash flows using a range of scenario analyses. At 31 March 2026, PA Housing had access to £369m of cash balances and undrawn committed loan facilities. The liabilities to bond holders are secured by legal charges over property assets owned by PA Housing with a value in excess of total borrowings. PA Housing has entered into guarantees with the Company over future payments of interest and principal and the property security.

On the basis of this and other matters considered and reviewed by the Company Board during the year, the Company Board has reasonable expectations the Group and the Company will both be able to continue in operation and meet their liabilities as they fall due over the three-year period used for this assessment.

By order of the Board.

Signed by:

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Susan Goldsmith
Director
23 September 2026

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Statement of the Directors' responsibilities in respect of the Directors' Report and the financial statements

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK accounting standards and applicable law, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland.*

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

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

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

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report, Directors' Report, and Corporate Governance Statement that complies with that law and those regulations.

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

Responsibility statement of the directors in respect of the annual financial report

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company; and
- the strategic report includes a fair review of the development and performance of the business and the position of the issuer, together with a description of the principal risks and uncertainties that they face.

We consider the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Company's position and performance, business model and strategy.

Disclosure of information to the auditor

Each of the persons who are a director at the date of approval of this report confirms that:

a) so far as each director is aware, there is no relevant audit information of which the Company's auditor is unaware; and

b) each director has taken all the steps that they ought to have taken in their duty as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information

By order of the Board

Signed by:

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Susan Goldsmith - **Director**

23 September 2026

Independent Auditor's Report to the Members of Paragon Treasury Plc

1 Our opinion is unmodified

We have audited the financial statements of Paragon Treasury Plc ("the Company") for the year ended 31 March 2026 which comprise the Statement of Comprehensive income, Statement of Financial Position, Statement of changes in equity and the related notes, including the accounting policies in note 1.

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2026 and of its results for the year then ended;
- have been properly prepared in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We 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 audit committee.

We were first appointed as auditor by the directors in 2018. The period of total uninterrupted engagement is for the eight financial years ended 31 March 2026. 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.

2 Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, 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 2025) in arriving at our audit opinion above, together with our key audit procedures to address that 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 (Risk vs 2025: ◄►)

Debtors (amounts falling due after more than one year) £620mm (2025: £618mm)

Refer to page 3 to 4 (Directors' Report), pages 16 to 17 (accounting policy) and pages 18 to 20 (financial disclosures).

The risk – low risk, high value

The Company's primary activity is to source investor financing by issuing bonds and onward lending this funding to a fellow group entity. The Company therefore has significant long term intercompany debtors, and the recoverability of these balances is inherently linked to the forecasted performance of the wider group.

The carrying amount of the long-term intercompany debtors balance represents 99.2% (2025: 99.2%) 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.

Our response

We performed the tests below rather than seeking to rely on any of the Company's controls because the nature of the balance is such that we would expect to obtain audit evidence primarily through the detailed procedures described.

Independent Auditor's Report to the Members of Paragon Treasury Plc

Our procedures included:

i. **Tests of detail:** Assessing 100% (2025: 100%) of the long-term intercompany debtor's balance owed by the Parent to identify, with reference to the parent's draft balance sheet, whether it had a positive net asset value and therefore coverage of the debt owed, as well as assessing whether the debtor company has historically been profit-making.
ii. **Evaluating ability of PA Housing to repay the receivable:** Assessing the work performed by the Group audit team, and considering the results of that work, on those net assets. This included an assessment of the fair value headroom available on those net assets, and therefore the ability of the Parent to fund repayment of the receivable. We critically assessed the directors' going concern assessment, including the reasonableness of the key assumptions used by the Parent in their cash flow forecasts and the nature and results of downside sensitivities applied, and associated mitigating action.

Our results

We found the Company's assessment of the recoverability of the long-term debtor balance to be acceptable (2025 result: acceptable).

3 Our application of materiality and an overview of the scope of our audit

Materiality for the financial statements as a whole was set at £3.8m (2025: £3.7m), determined with reference to a benchmark of total assets, of which it represents 0.61% (2025: 0.60%).

In line with our audit methodology, our procedures on individual account balances and disclosures were performed to a lower threshold, performance materiality, so as to reduce to an acceptable level the risk that individually immaterial misstatements in individual account balances add up to a material amount across the financial statements as a whole.

Performance materiality was set at 75% (2025: 75%) of materiality for the financial statements, which equates to £2.85m (2025: £2.77m). We applied this percentage in our determination of performance materiality because we did not identify any factors indicating an elevated level of risk.

We agreed to report to the Audit and Risk Committee any corrected or uncorrected identified misstatements exceeding £190k, in addition to other identified misstatements that warranted reporting on qualitative grounds.

The scope of the audit work performed was fully substantive as we did not rely upon the Company's internal control over financial reporting.

Our audit of the Company was undertaken to the materiality level specified above and was performed by a single audit team.

4 Going concern

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

In our evaluation of the Directors' conclusions, we considered the inherent risks to the Company's business model and analysed how those risks might affect the Company's financial resources or ability to continue operations over the going concern period. The risk that we considered most likely to adversely affect the Company's available financial resources over this period was the fellow group entity's inability to meet its obligations to the Company during the going concern assessment period, which would result in the inability of the Company to meet its own external debt obligations as they fall due.

Given the purpose of the Company, our procedures in relation to going concern are inherently linked with our key audit matter in relation to the recoverability of the long-term intercompany debtor. Our procedures on going concern also included:

Independent Auditor's Report to the Members of Paragon Treasury Plc

- Inspecting internally provided cash flow projections over the going concern assessment period for the wider group and the level of available financial resources indicated by those financial projections to assess the ability of the relevant group entities to make scheduled repayments to the Company.
- Critically assessing the downside scenarios considered by the Directors against our understanding of the wider group and the sector in which it operates;
- Assessing whether those group projections included repayments of loan interest and principal in line with the Company's external debt obligations; and
- Examining the parent's financial statements, including the going concern disclosures and details of the group's other credit facilities.
- We considered whether the going concern disclosure in note 1 to the financial statements gives a full and accurate description of the directors' assessment of going concern, including the identified risks. dependencies, and related sensitivities.

Our conclusions based on this work:
- we consider that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the directors' assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern for the going concern period; and
- we found the going concern disclosure in note 1 to be acceptable.

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

5 Fraud and breaches of laws and regulations – ability to detect

Identifying and responding to risks of material misstatement due to fraud

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

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

As required by auditing standards, and taking into account our overall knowledge of the control environment, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the company does not generate revenue.

We did not identify any additional fraud risks.

We performed procedures including identifying journal entries and other adjustments to test based on risk criteria and comparing the identified entries to supporting documentation. These included unusual combinations of journal postings to cash.

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

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience, and through discussion with the directors and other management (as required by auditing standards) and from inspection of the Company's

regulatory and legal correspondence; and discussed with the directors and other management the policies and procedures regarding compliance with laws and regulations.

As the Company is regulated, our assessment of risks involved gaining an understanding of the control environment including the entity's procedures for complying with regulatory requirements.

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

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

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

Whilst the Company is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements

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

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

6 We have nothing to report on the strategic report and the directors' report.

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

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

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

7 We have nothing to report on the other matters on which we are required to report by exception

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

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

We have nothing to report in these respects.

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Independent Auditor's Report to the Members of Paragon Treasury Plc

8 Respective responsibilities

Directors' responsibilities
As explained more fully in their statement set out on page 7, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

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

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

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

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

Signed by:
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23 September 2026

Joanne Lees (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
Canary Wharf
London
E14 5GL

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Statement of Comprehensive Income for the year ended 31 March 2026

	Note	2026 £'000	2025 £'000
Interest receivable and similar income	4	19,233	19,123
Other income		29	26
Operating expenses		(29)	(26)
Interest payable and other finance costs	5	(19,233)	(19,123)
Operating profit		-	-
Taxation		-	-
Profit on ordinary activities for the financial year and total comprehensive income		-	-

All amounts relate to continuing activities.

The notes on pages 16 to 20 form part of these financial statements.

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Statement of Financial Position as at 31 March 2026

	Note	2026 £'000	2025 £'000
Current assets			
Debtors: receivable within one year	7	4,962	4,931
Cash at bank and in hand		13	13
		4,975	4,944
Creditors: amounts falling due within one year	8	(4,962)	(4,931)
Net assets less current liabilities		13	13
Debtors: receivable after more than one year	7	620,366	618,197
Creditors: amounts falling due after more than one year	8	(620,366)	(618,197)
Net assets		**13**	**13**
Capital and reserves			
Called up share capital	9	13	13
Equity shareholders funds		**13**	**13**

The financial statements were approved by the Board of Directors and authorised for issue on 08 September 2026.

Signed by:

Susan Goldsmith
Director
23 September 2026

Signed by:

Ian Hill
9900E5BC672247B...
Ian Hill
Secretary
23 September 2026

Paragon Treasury Plc
Case House
85-89 High Street
Walton on Thames
Surrey
KT12 1DZ
Registered No. 09288564

The notes on pages 16 to 20 form part of these financial statements.

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Statement of Changes in Equity for the year ended 31 March 2026

	Total share holders equity £'000
As at 1 April 2025	**13**
Profit for the year	-
As at 31 March 2026	**13**
As at 1 April 2024	**13**
Profit for the year	-
As at 31 March 2025	**13**

The notes on pages 16 to 20 form part of these financial statements.

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Notes to the Financial Statements for the year ended 31 March 2026

1. Accounting policies

The financial statements have been prepared in accordance with applicable law and UK accounting standards (United Kingdom Generally Accepted Accounting Practice) which for Paragon Treasury Plc, includes FRS 102 'the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland' (September 2015).

The following principal accounting policies have been applied:

1.1 Disclosure exemptions adopted

As a qualifying entity as defined in FRS 102, the directors are taking advantage of the reduced disclosure framework and have not presented a Statement of Cash Flows.

1.2 Going concern

The Directors of the parent company have prepared group cash flow forecasts covering a period of 30 years from the date of approval of these financial statements which have been approved by the parent company Board These include the cash flow forecasts of the Company which indicate that, taking account of severe but plausible downsides the Company will have sufficient funds to meet its liabilities as they fall due for that period. In order to settle its own financial obligations and meet the compliance requirements of its external borrowings the Company is dependent on Paragon Asra Housing Limited, the parent company , generating sufficient cashflows to settle the payments of principal and interest on the onward loan of the funding which the Company raised. Those forecasts are dependent on Paragon Asra Housing Limited having adequate resources to continue in business for the foreseeable future.

As well as considering the impact of a number of scenarios on the business plan the parent company Board also adopted a stress testing framework against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure.

The parent company Board, after reviewing the group and company budgets for 2025/26 and the group's long term financial position as detailed in the 30-year business plan is of the opinion that, taking account of severe but plausible downsides, the group and Company have adequate resources to continue in business for the foreseeable future. In order to reach this conclusion, the parent company Board has considered the following factors in its budget and business plan stress testing scenarios:

- Unrecoverable Fire Safety Costs – assuming PA Housing is either partially responsible for costs to remediate blocks where fire safety works are required, and that these works are delayed.
- Operational cost increases – by increasing operational costs and reducing income, this test serves as a proxy for several risks in the Corporate Risk Register including maintenance costs, inflation, health and safety and cyber security.
- Asset management capital cost increases – assumes increased expenditure on existing assets is required and for longer periods, with less grant available.
- Cyber security and data protection – assumes service disruption and data breach in relation to cybercrime.
- The property market – scenarios have taken account of potential delays in handovers through contractor insolvency with additional costs, lower numbers of property sales, reductions in sales values and potential conversion to rented homes as a risk mitigation measure.
- Increased stock condition costs – tests the potential increases in costs looking at the existing housing stock and scenarios for decanting residents, responsive repairs crisis and capital investment.
- Increased energy efficiency works – sustainability costs increasing from levels in the base plan including increased debt requirements.
- Increased borrowing costs – considers the impact of an increase in interest rates through macro-economic changes to market rates combined with borrowing spreads increasing.
- Rent and service charge receivable – within scenario planning, arrears and bad debts have been increased to allow for resident difficulties in making payments exacerbated by cost-of-living

Notes to the Financial Statements for the year ended 31 March 2026

pressures. Additionally, the possibility of potential future reductions in rents and / or rent caps have been tested.

- Multivariate tests – in the case of severe headwinds these scenarios test for a number of risk impacts crystalising at once.

These factors have been incorporated into a suite of downside scenarios and multivariate stress tests. The parent company Board believes the group and company have sufficient funding in place and expect the group to be in compliance with its debt covenants even in severe but plausible downside scenarios.
Consequently, the Directors are confident that the Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

1.3 Income

The income shown in the Statement of Comprehensive Income represents interest receivable on the loan to PA Housing, plus amounts invoiced to cover the administrative expenses incurred during the period. Also included is any amortisation on bond discount costs due from PA Housing. Interest receivable is recognised on an accruals basis. All revenue comes from group entities.

1.4 Taxation

The charge for the year is based on profits arising on activities that are liable to tax, using tax rates that have been enacted or substantively enacted by the year end date.

1.5 Financial instruments

All financial instruments have been classified as basic. Both the 2047 Bond and later 2036 Bond, including subsequent issuance of retained bonds under each, have been initially recorded at transaction price (less any issue costs) and on subsequent measurement carried in the Statement of Financial Position at amortised cost using the effective interest method. The bond discount or premium is amortised over the life of the respective instrument.

1.6 Effective interest rate method

The effective interest rate method is a method of calculating the amortised cost of a financial asset, or liability, and allocating interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows through the expected life of the financial asset or liability or, where appropriate, a shorter period to the net carrying amount on initial recognition.

1.7 Judgements in applying accounting policies and key sources of estimation uncertainty

In preparing these financial statements, the directors have made the following judgements and estimates:

A review is performed on an individual debtor basis to consider whether each debt is recoverable. The debtor balance relates to on-lent funding to PA Housing under two secured loan agreements, backed by housing assets owned by PA Housing.

2. Statement of comprehensive income

During the year the company incurred interest on the borrowings it holds. The borrowings have been on-lent to PA Housing and interest charged by PTP at the same interest rate at which it has borrowed. Consequently, the net finance costs of PTP show neither a gain nor a loss.

The auditor's remuneration for the year was £16,320 (2025: £13,200).

3. Directors' emoluments

Three of the four directors were also directors of PA Housing throughout the year. The fourth, Simon Hatchman, is an executive director of PA Housing but not a Board director. None of the directors receive remuneration for their duties as directors of PTP. Any employment costs were retained by PA Housing and disclosed in the financial statements of the group as appropriate.

The company has no directly employed personnel.

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Notes to the Financial Statements for the year ended 31 March 2026

4. Interest receivable and similar income

	2026	2025
	£'000	£'000
Interest due from group entities	19,233	19,123
	19,233	**19,123**

5. Interest payable and other finance costs

	2026	2025
	£'000	£'000
Bond interest payable	19,233	19,123
	19,233	**19,123**

6. Tax on ordinary activities

	2026	2025
	£'000	£'000
UK Corporation tax	-	-
Profit on ordinary activities before taxation	-	-
Tax for the year	-	-

7. Debtors

	2026	2025
	£'000	£'000
Amounts receivable after more than one year		
Long term loan to group entities	646,622	646,423
Bond discount	(26,256)	(28,226)
	620,336	**618,197**
Amounts receivable within one year		
Amounts due from other group entities	4,962	4,930
Other debtors	-	1
	4,962	**4,797**

Included in amounts receivable after more than one year are two loan facilities made to PA Housing, the parent of PTP, by means of the Bond Loan Agreements. The first is a 32-year loan facility made in 2015; the loan is at a fixed rate of 3.625% and will be repaid by means of uniform instalments over each of the five years prior to the bond's maturity, from 2042 to 2047. The second is a 15-year loan facility granted in 2021; the loan is at a fixed rate of 2.000% and will be settled as a bullet repayment in 2036. In each case, the loan is secured against certain social housing assets owned by PA Housing and the bond premium / discount is amortised on a straight-line basis over the life of the bond.

Notes to the Financial Statements for the year ended 31 March 2026

8. Creditors

	2026 £'000	2025 £'000
Amounts falling due within one year		
Interest payable to bond investors	4,957	4,916
Accruals	5	15
	4,962	**4,931**
Amounts falling due after more than one year		
2.000% 2036 Bond and 3.625% 2047 Bond	646,622	646,423
Bond discount and premium	(26,256)	(28,226)
	620,366	**618,197**
Bonds are repayable, as follows:		
In five years or more	**650,000**	**650,000**

Risk management objectives and policies

The parent undertaking's treasury function is responsible for the management of the group's funds, including those held by PTP, and control of associated risks. Its activities are governed by the Board and the function is responsible for all the treasury matters arising in the group and its legal entities.

Interest rate risk

The company has no exposure to interest rate risk as all amounts owed to the 2036 Bond investors and to the 2047 Bond investors are at a fixed rate of interest, as is the interest receivable from PA Housing on amounts on-lent under the respective Bond Loan Agreements.

There were no other interest bearing assets or liabilities.

Credit risks and uncertainties

PTP is dependent on receipt of funds from PA Housing in order to meet its contractual obligations to settle interest and repayment of principal in relation to the 2036 Bond and 2047 Bond. PTP is therefore exposed to the credit risk that PA Housing, as the sole counterparty to each Bond Loan Agreement, fails to reimburse PTP. The directors consider this risk to be very low owing to the fact that PA Housing is a financially sound business that has been assigned an investor-grade credit rating from Moody's Investor Services of A3 (Negative), and has a strong asset base and track record of generating operating surpluses. Additionally, the business is subject to regular assessment by an effective regulator with strong powers of oversight.

The maximum credit risk currently faced by the company is £654,957 (2025: £654,916) being the issued amount of funds raised through the 2036 Bond and 2047 Bond and on-lent to PA Housing, together with interest accrued thereon but not yet settled.

Notes to the Financial Statements for the year ended 31 March 2026

9. Called up share capital

	2026 £'000	2025 £'000
Allotted and issued		
50,000 ordinary shares of £1 each	50	50
Issued share capital paid up		
50,000 ordinary shares of £1 each, part paid 25 pence	**13**	**13**

Upon incorporation PTP issued 50,000 ordinary shares of £1 each of which £12,500 was paid up to provide working capital to establish the business.

All shares rank pari passu in all regards.

10. Financial institution disclosures

As PTP on-lends to PA Housing, the principal risk facing PTP is that PA Housing is unable to meet its obligations to make payments of interest or principal when due. This risk is mitigated through entry by both parties into a secured loan agreement, backed by social housing assets owned by PA Housing. These assets are subject to regulation by the Regulator of Social Housing and therefore offer a level of protection in terms of regulatory scrutiny.

11. Related parties

PTP is wholly owned by PA Housing. In accordance with the requirements of paragraph 33.1A of FRS102, transactions between the Company and other group members have not been separately disclosed. All intra-group transactions have taken place in the normal course of business. There are no other related party transactions requiring disclosure.

12. Ultimate Parent Company

The ultimate parent company as at 31 March 2026 was Paragon Asra Housing Limited, a community benefit society No. 7536 under the Co-operative and Community Benefit Societies Act 2014 into which the results of the Company are consolidated. The registered office of Paragon Asra Housing Limited is Case House, 85-89 High Street, Walton-on-Thames, Surrey KT12 1DZ, from where copies of the consolidated financial statements may be obtained.