

UK MUNICIPAL BONDS AGENCY FINANCE COMPANY DESIGNATED ACTIVITY COMPANY

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

UK MUNICIPAL BONDS AGENCY FINANCE COMPANY DESIGNATED ACTIVITY COMPANY

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UK MUNICIPAL BONDS AGENCY FINANCE COMPANY DESIGNATED ACTIVITY COMPANY

COMPANY INFORMATION

| | |
|-----------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|
| DIRECTORS | Jerrick Sy Aileen Mannion Stephen Healy (Appointed as an alternate Director on 22 December 2025) |
| COMPANY SECRETARY, REGISTERED OFFICE AND ADMINISTRATOR | TMF Administration Services Limited Ground Floor Two Dockland Central Guild Street North Dock Dublin 1 D01 K2C5 Ireland |
| INDEPENDENT AUDITORS | Grant Thornton Chartered Accountants and Statutory Audit Firm 13 – 18 City Quay Dublin 2 D02 ED70 Ireland |
| ACCOUNT BANK, CUSTODIAN AND PAYING AGENT | HSBC Bank plc 8 Canada Square London E14 5HQ United Kingdom |
| TRUSTEE | HSBC Corporate Trustee Company (UK) Limited 8 Canada Square London E14 5HQ United Kingdom |
| LEGAL ADVISORS | Arthur Cox 10 Earlsfort Terrace Dublin 2 D02 T380 Ireland |

UK MUNICIPAL BONDS AGENCY FINANCE COMPANY DESIGNATED ACTIVITY COMPANY

DIRECTORS' REPORT

The Directors present their annual report together with the audited financial statements of UK Municipal Bonds Agency Finance Company Designated Activity Company (the "Company") for the financial year ended 30 June 2025.

PRINCIPAL ACTIVITIES

The Company was incorporated as a Designated Activity Company on 31 January 2020, under the Companies Act 2014 (the "Act") with the registered number 665538 and members of the Company have limited liability.

The Company has been formed for the purpose of facilitating lending to certain English local authorities.

The Company has issued notes, including those that matured in March 2025 and those that will mature in August 2060 (the "Notes"), to fund its lending activities. The notes are listed on the International Securities Market of the London Stock Exchange. In 2021, the Company purchased existing loans from UK Municipal Bonds Agency plc ("the Original Lender"). These loans were issued to Lancashire County Council for working capital purposes, and have substantially the same terms as the notes issued. Lancashire County Council also acts as guarantor and unconditionally and irrevocably guarantees the due and punctual payment of all amounts becoming due in respect of the Notes.

Under the terms of the Notes the noteholders are entitled to receive all income and gains arising to the Company as a result of its activities. The Company has also entered into an expenses side letter with the Original Lender, which sets out that the Original Lender will pay any expenses or taxes payable by the Company until termination of the transaction. Due to the limited recourse nature of the Notes any losses incurred by the Company arising from its activities are ultimately borne by the noteholders.

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The results for the financial year and the Company's financial position at the end of the financial year are disclosed on pages 12 and 13, respectively. The profit for the financial year before taxation is £nil (2024: £nil). The directors do not recommend the payment of a dividend. The Company expects to continue its operations in a similar manner in the future.

The key performance indicators of the Company are as follows:

| | 2025 | 2024 | Change |
|---------------------------|--------------|--------------|--------|
| | £ | £ | % |
| Interest income | 17,888,834 | 25,031,704 | -29% |
| Interest expense on notes | (17,888,834) | (25,031,704) | -29% |
| Administration expenses | 189,298 | 263,341 | -28% |

The decrease in interest income earned and the interest expense of 29% between 2024 and 2025 is due predominantly to a decrease in SONIA interest rate and maturity of the £350,000,000 loan on March 2025.

Profit before taxation

The Company made a profit before taxation of £nil for the financial year ended 30 June 2025 (2024: £nil).

Interest income and expense

During the financial year, the Company earned interest on its loans issued of £17,888,834 (2024: £25,031,704). The Company had an equal interest expense on its notes issued of £17,888,834 (2024: £25,031,704), on the basis the interest terms of the notes are the same as those on the loans.

INTERESTS OF DIRECTORS AND COMPANY SECRETARY

The directors and company secretary of the Company are listed on page 1 and, except where indicated, have served for the entire financial year.

The directors and company secretary who held office on 30 June 2025 did not hold any shares, share options, deferred shares or loan stock of the Company or any group company on that date or during the financial year, requiring disclosure in the directors' report pursuant to Section 329 of the Companies Act 2014.

SIGNIFICANT SUBSEQUENT EVENTS

Significant subsequent events are disclosed in Note 19 to the financial statements.

DIRECTORS' REPORT (CONTINUED)

RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in Note 18 to the financial statements.

OWNERSHIP OF THE SHARE CAPITAL

The Company's issued share capital is held by TMF Management (Ireland) Limited.

BRANCHES

The Company operated no branches outside the Republic of Ireland.

POLITICAL DONATIONS

The Electoral Act, 1997 (as amended by the Electoral (Amendment) (Political Funding) Act, 2012) requires companies to disclose all political donations over €200 in aggregate made during a financial year. There have been no political donations during the financial year ended 30 June 2025 (2024: €nil).

PRINCIPAL RISKS AND UNCERTAINTIES

The operations of the Company are subject to various risks and uncertainties. Information about these are disclosed in Note 16 to the financial statements.

GOING CONCERN REVIEW

The directors have considered the financial situation of the Company including the events subsequent to the financial year end. The loans issued are expected to generate sufficient future cash flows to fund the Company's on-going operations. The remaining notes have a final maturity date of August 2060. Hence, after making appropriate enquiries and having considered the matters described above, the directors have a reasonable expectation that the Company will continue in operational existence for the foreseeable future. Thus, the directors have concluded that it is appropriate to prepare the financial statements on a going concern basis.

DIRECTORS COMPLIANCE STATEMENT

The directors, in accordance with Section 225(2)(a) of the Companies Act 2014, acknowledge that they are responsible for securing the Company's compliance with its "relevant obligations." "Relevant obligations", in the context of the Company, are the Company's obligations under:

- (a) the Act, where a breach of the obligations would be a category 1 or category 2 offence;
- (b) the Act, where a breach of the obligation would be a serious Market Abuse or Constitution offence; and
- (c) tax law.

Pursuant to Section 225(2)(b) of the Act, the directors confirm that:

- (i) a compliance policy statement has been drawn up as required by Section 225(3)(a) of the Act setting out the Company's policies (that, in the directors' opinion, are appropriate to the Company) respecting compliance by the Company with its relevant obligations;
- (ii) appropriate arrangements and structures are in place that, in their opinion, are designed to secure material compliance with the Company's relevant obligations, and
- (iii) a review has been conducted, in the financial year, of the arrangements and structures referred to in paragraph (ii).

DISCLOSURE OF INFORMATION TO AUDITORS

So far as each of the directors in office at the date of approval of the financial statements is aware:

- There is no relevant audit information of which the Company's auditors are unaware; and
- The directors have 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 auditors are aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of Section 330 of the Companies Act 2014.

POWERS OF DIRECTORS

The board of directors is responsible for managing the business affairs of the Company in accordance with the Company's Constitution. The directors may delegate certain functions to the Administrator and other parties, subject to the supervision and direction by the directors. The board of directors consists of two directors.

DIRECTORS' REPORT (CONTINUED)

SHAREHOLDER MEETINGS

The shareholder's rights and the operations of shareholder meetings are defined in the Company's Constitution and comply with the Companies Act 2014.

ACCOUNTING RECORDS

The directors are responsible for ensuring that adequate accounting records, as outlined in Section 281 to 285 of the Companies Act 2014, are kept by the Company. The measures taken by directors to ensure compliance with the Company's obligation to keep adequate accounting records are the use of appropriate systems and procedures and by ensuring that a competent service provider is responsible for the preparation and maintenance of the accounting records. The accounting records are kept at 3rd Floor, Kilmore House, Park Lane, Spencer Dock, Dublin 1, Ireland.

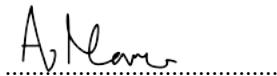
AUDIT COMMITTEE

The Company does not meet the requirements set out in Section 1551 (11) (c) of the Companies Act 2014 to have an audit committee.

INDEPENDENT AUDITOR

Grant Thornton, Chartered Accountants & Statutory Audit Firm have expressed their willingness to continue in office in accordance with Section 383(2) of the Companies Act 2014.

This report was approved by the Board of Directors and authorised for issue on 23 December 2025 and signed on its behalf by:



Aileen Mannion
Director



Stephen Healy
Director (alternate)

Date: 23 December 2025

DIRECTORS' RESPONSIBILITY STATEMENT

The directors are responsible for preparing the directors' report and the financial statements in accordance with Irish law.

Irish law requires the directors to prepare financial statements for each financial year giving a true and fair view of the Company's assets, liabilities and financial position at the end of the financial year and the profit or loss of the Company for the financial year. Under that law the directors have prepared the financial statements in accordance with "the Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS102"), and applicable law.

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

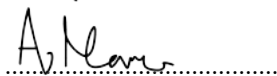
- select suitable accounting policies and then apply them consistently;
- state whether the financial statements have been prepared in accordance with the applicable accounting standards, identify those standards and note the effect and the reasons for any material departure from those standards;
- make judgements and accounting estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and company will continue in business.

The directors are 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 are also 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 2014.

In the case of each director in office at the date the directors' report is approved:

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

Signed on behalf of the Board of Directors by:



Aileen Mannion
Director



Stephen Healy
Director (alternate)

Date: 23 December 2025

Independent auditor's report to the members of UK Municipal Bonds Agency Finance Company DAC

Opinion

We have audited the financial statements of UK Municipal Bonds Agency Finance Company DAC (the "Company"), which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity and the Statements of Cash Flows for the financial year ended 30 June 2025, and the related notes to the financial statements, including the summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is Irish law and accounting standards issued by the Financial Reporting Council including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (Generally Accepted Accounting Practice in Ireland) ("the relevant accounting framework").

In our opinion, the Company's financial statements:

- give a true and fair view of the assets, liabilities and financial position of the Company as at 30 June 2025 and of its financial performance for the financial year then ended,
- have been properly prepared in accordance with the relevant accounting framework, and
- have been properly prepared in accordance with the requirements of the Companies Act 2014.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ('ISAs (Ireland)') 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 Ireland, including the Ethical Standard for Auditors (Ireland) issued by the Irish Auditing and Accounting Supervisory Authority (IAASA), and the ethical pronouncements established by Chartered Accountants Ireland, applied as determined to be appropriate in the circumstances for the Company. 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 Board of Directors' (or 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 on the Company's ability to continue as a going concern basis of accounting included:

- obtaining an understanding and review of the Directors' going concern assessment,
- making enquiries with the Directors and reviewing board minutes available in order to understand the Company's future plans,
- assessing the Company's current year financial performance and its year end financial position,
- assessing the terms of the Company's financial assets and the ability of the counterparties to meet their obligation,
- assessing the limited recourse nature of the Company's financial liabilities, the operation of the priorities of payment and redemption clauses applicable to the financial liabilities,
- assessing the capacity of the Company to continue to pursue its investment objective by assessing subsequent events up to and including the date of issuance of the financial statements, and
- assessing the adequacy of the disclosures with respect to the going concern assertion.

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

Independent auditor's report to the members of UK Municipal Bonds Agency Finance Company DAC

Key audit matters

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

Overall audit strategy

We designed our audit by determining materiality and assessing the risks of material misstatement in the financial statements. In particular, we looked at where the Directors made subjective judgements, for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluating whether there was any evidence of potential bias by the Directors that could result in a risk of material misstatement due to fraud.

Based on our considerations as set out below, our key area of focus included the valuation and allocation of Loans issued at amortised cost and accuracy of impairment loss on Loans receivable.

How we tailored our audit scope

The Company is a special purpose vehicle whose principal activity is the issuance of Notes with the proceeds generated used to facilitate lending to certain English local authorities. The Notes are listed debt on the International Securities Market of the London Stock Exchange. The Company qualifies for the regime contained in Section 110 of the Taxes Consolidation Act 1997 (the "TCA"). The Company engages TMF Administration Services Limited (the "Administrator") to maintain the accounting records of the Company independently. The Administrator is contractually obliged to assist the Company to maintain proper books and records. The financial statements, which remain the responsibility of the directors, are prepared on their behalf by the Administrator.

The Company has appointed HSBC Bank plc (the "Custodian") to act as custodian and HSBC Corporate Trustee Company (UK) Limited as the "Trustee" of the Company's assets.

We tailored the scope of our audit taking into account the types of investments within the Company, the involvement of third-party service providers, the accounting processes and controls, and the industry in which the Company operates.

The Directors have delegated certain responsibilities to the Administrator including maintenance of the accounting records. The financial statements, which remain the responsibility of the Directors, are prepared on their behalf by the Administrator.

In establishing the overall approach to our audit, we assessed the risk of material misstatement taking into account the nature, likelihood and potential magnitude of any misstatement. As part of our risk assessment, we considered the Company's interaction with the Administrator and Custodian, and we assessed the control environment in place at the Administrator.

Materiality and audit approach

The scope of our audit is influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, such as our understanding of the Company and its environment, the history of misstatements, the complexity of the Company and the reliability of the control environment, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the Company as follows: 1% of total assets at 30 June 2025. Total assets was considered to be the most appropriate benchmark on which to base our materiality based on the activities of the Company and the significance of the assets they hold.

Independent auditor’s report to the members of UK Municipal Bonds Agency Finance Company DAC

Key audit matters (continued)

Materiality and audit approach (continued)

We have set performance materiality for the Company at 75% of materiality, having considered our prior year experience of the risk of misstatements, business risks and fraud risks associated with the Company and its control environment. This is to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

We agreed with the Directors that we would report to them misstatements identified during our audit above the 5% of materiality, as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Significant matters identified

The risks of material misstatement that had the greatest effect on our audit, including the allocation of our resources and effort, are set out below as significant matters together with an explanation of how we tailored our audit to address these specific areas in order to provide an opinion on the financial statements as a whole. This is not a complete list of all risks identified by our audit.

| Significant matter | Description of significant matter and audit response |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Valuation of loans issued at amortised cost</p> <p><i>(Valuation and allocation assertion – Normal risk)</i></p> <p>(Notes 2.1, 2.4, 2.10, 8 & 14)</p> | <p>There is a risk that loans issued at amortised cost included in the Statement of financial position of the Company as at 30 June 2025, are not valued in line with the requirements of FRS 102 “The Financial Reporting Standard applicable in the UK and Republic of Ireland” (Generally Accepted Accounting Practice in Ireland).</p> <p>Significant auditor’s attention was deemed appropriate because this represents a principal element of the financial statements and is a key judgment due to the level of subjectivity in management’s estimates. As a result, we considered this as a key audit matter.</p> <p>The following audit work has been performed to address the risks:</p> <ul style="list-style-type: none"> • obtained an understanding of the valuation processes and relevant controls to the valuation of loans issued at amortised cost, • reviewed and agreed the amortisation of the loans issued at amortised cost to the agreement, including the payments received during the financial year to bank statements, • obtained the Director’s impairment assessment, reviewed and challenged their assessment for any possible indications of impairment on the loans and receivables at the financial year ended, • reviewed collections subsequent to the financial year ended to assess recoverability of the loans at amortised cost, and • ensured proper disclosure and reviewed classification in the financial statements in accordance with FRS 102 |

Independent auditor's report to the members of UK Municipal Bonds Agency Finance Company DAC

Other information

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

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

We have nothing to report in this regard.

Opinion on the matters prescribed by the Companies Act 2014

We have obtained all the information and explanations which to the best of our knowledge and belief, we considered necessary for the purposes of our audit.

In our opinion, the accounting records of the Company were sufficient to permit the financial statements to be readily and properly audited.

The statement of comprehensive income and statement of financial position are in agreement with the accounting records and returns.

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

- the information given in the Directors' report for the financial year is consistent with the financial statements.
- the Directors' report has been prepared in accordance with applicable legal requirements, excluding the requirements on sustainability reporting in Part 28.

Based on our knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Directors' report.

Matters on which we are required to report by exception

The Companies Act 2014 requires us to report to you if, in our opinion, the requirements of sections 305 to 312 of the Act, which relate to disclosure of directors' remuneration and transactions with directors, have not been complied with by the company. We have nothing to report in this regard.

Responsibilities of those charged with governance for the financial statements

As explained more fully in the Directors' responsibility statement, the Directors are responsible for the preparation of the financial statements which give a true and fair view in accordance with Generally Accepted Accounting Practice in Ireland, including FRS 102 and for such internal control as they determine 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 intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Independent auditor's report to the members of UK Municipal Bonds Agency Finance Company DAC

Auditor's responsibilities for the audit of the financial statements

The objectives of an auditor 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 their opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Irish Auditing and Accounting Supervisory Authority's website at: http://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf. This description forms part of our auditors report.

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 material misstatements in respect of irregularities, including fraud. Owing to the inherent limitations of an audit, there is an unavoidable risk that material misstatement in the financial statements may not be detected, even though the audit is properly planned and performed in accordance with the ISAs (Ireland). The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

The company is subject to laws and regulations that directly affect the financial statements, including companies and financial reporting legislation such as Companies Act 2014, Irish tax law and London Stock exchange listing rules. We assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items, including assessing the financial statement disclosures and agreeing them to supporting documentation when necessary.

The Company is subject to other laws and regulations where the consequences of non-compliance could have a material impact on amounts or disclosures in the financial statements, such as through the imposition of fines or litigation.

The primary responsibility for the prevention and detection of irregularities, including fraud, rests with those charged with governance and management. There is an inherent risk that an audit may not detect all material misstatements in the financial statements, despite properly planning and performing our audit in accordance with auditing standards. In addition, as with any audit, there remains a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional misrepresentations and omissions, or the override of internal controls. We are not responsible for preventing non-compliance and cannot be expected to detect non-compliance with all laws and regulations.

In response to these principal risks, our audit procedures included but were not limited to:

- Application of professional scepticism throughout the audit.
- Consideration by the audit engagement partner of the experience and expertise of the engagement team including industry experience to ensure that the team had appropriate competence and capabilities to identify or recognise non-compliance with the laws and regulations.
- Gaining an understanding of the entity's current activities, the scope of authorisation and the effectiveness of its control environment to mitigate risks related to fraud.
- Discussion amongst the engagement team in relation to the identified laws and regulations and regarding the risk of fraud and remaining alert to any indications of non-compliance or opportunities for fraudulent manipulation of financial statements throughout the audit.
- Evaluating management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls).

Independent auditor's report to the members of UK Municipal Bonds Agency Finance Company DAC

Auditor's responsibilities for the audit of the financial statements

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

- Enquiries of management on the policies and procedures in place regarding compliance with laws and regulations, including consideration of known or suspected instances of non-compliance and whether they have knowledge of any actual, suspected, or alleged fraud.
- Inspection of the Company's regulatory and legal correspondence and review of minutes of board meetings during the year to corroborate enquiries made.
- Identifying and testing journal entries to address the risk of inappropriate journals and management override of controls.
- Designing audit procedures to incorporate unpredictability around the nature, timing, or extent of our testing.
- Challenging assumptions and judgements made by management in their significant accounting estimates, including impairment assessment of loans issued at amortised cost.
- Review of the financial statement disclosures in line with underlying supporting documentation and enquiries of management.

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 section 391 of the Companies Act 2014. 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.



Julianne Nolan, FCA
For and on behalf of

Grant Thornton

Chartered Accountants & Statutory Audit Firm
Dublin
Ireland

23 December 2025

UK MUNICIPAL BONDS AGENCY FINANCE COMPANY DESIGNATED ACTIVITY COMPANY

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025**

| | Note | Financial year ended 30 June 2025 £ | Financial year ended 30 June 2024 £ |
|----------------------------------------------------------|-------------|------------------------------------------------------------|------------------------------------------------------------|
| Interest income | 3 | 17,888,834 | 25,031,704 |
| Interest expense | 4 | <u>(17,888,834)</u> | <u>(25,031,704)</u> |
| Gross profit | | - | - |
| Administration expenses | 5 | (189,298) | (263,341) |
| Other income | 5 | <u>189,298</u> | <u>263,341</u> |
| Profit before taxation | | - | - |
| Tax on ordinary activities | 7 | <u>-</u> | <u>-</u> |
| Profit on ordinary activities after taxation | | <u>-</u> | <u>-</u> |
| Total comprehensive income for the financial year | | <u><u>-</u></u> | <u><u>-</u></u> |

All amounts relate to continuing operations.

There are no recognised gains and losses other than those shown in the Statement of Comprehensive Income.

The accompanying notes form an integral part of these financial statements.

UK MUNICIPAL BONDS AGENCY FINANCE COMPANY DESIGNATED ACTIVITY COMPANY

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2025

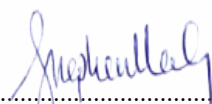
| | Note | As at 30 June 2025 £ | As at 30 June 2024 £ |
|-------------------------------------|------|-------------------------------|-------------------------------|
| Assets | | | |
| Loans issued at amortised cost | 8 | 241,870,000 | 591,870,000 |
| Cash and cash equivalents | 9 | 11,223 | 5,753 |
| Other receivables | 10 | 525,828 | 653,061 |
| Interest receivable on loans | 8 | 1,380,136 | 2,426,883 |
| Total assets | | <u>243,787,187</u> | <u>594,955,697</u> |
| Liabilities | | | |
| Notes issued at amortised cost | 11 | 241,870,000 | 591,870,000 |
| Interest payable on notes issued | 11 | 1,380,136 | 2,426,883 |
| Accrued expenses | 12 | 537,050 | 658,813 |
| Total liabilities | | <u>243,787,186</u> | <u>594,955,696</u> |
| Equity | | | |
| Share capital | 13 | 1 | 1 |
| Retained earnings | | - | - |
| Total equity | | <u>1</u> | <u>1</u> |
| Total equity and liabilities | | <u>243,787,187</u> | <u>594,955,697</u> |

The accompanying notes form an integral part of the financial statements.

Signed on behalf of the Board of Directors on 23 December 2025.



.....
Aileen Mannion
Director



.....
Stephen Healy
Director (alternate)

UK MUNICIPAL BONDS AGENCY FINANCE COMPANY DESIGNATED ACTIVITY COMPANY

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

| | Share capital | Retained earnings | Total |
|--------------------------------|---------------|-------------------|----------|
| | £ | £ | £ |
| Balance at 01 July 2024 | 1 | - | 1 |
| Total comprehensive income | - | - | - |
| Balance at 30 June 2025 | <u>1</u> | <u>-</u> | <u>1</u> |
| | | | |
| | Share capital | Retained earnings | Total |
| | £ | £ | £ |
| Balance at 01 July 2023 | 1 | - | 1 |
| Total comprehensive income | - | - | - |
| Balance at 30 June 2024 | <u>1</u> | <u>-</u> | <u>1</u> |

The accompanying notes form an integral part of these financial statements.

UK MUNICIPAL BONDS AGENCY FINANCE COMPANY DESIGNATED ACTIVITY COMPANY

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2025

| | Financial year ended 30 June 2025 £ | Financial year ended 30 June 2024 £ |
|--------------------------------------------------------------------|------------------------------------------------------------|------------------------------------------------------------|
| Profit before taxation | - | - |
| <i>Adjustments</i> | | |
| Interest income on loans issued | (17,888,834) | (25,031,704) |
| Interest expense on notes issued | 17,888,834 | 25,031,704 |
| Other income received | (189,298) | (263,341) |
| Administration expenses paid | 189,298 | 263,341 |
| | <hr/> | <hr/> |
| | - | - |
| <i>Changes in working capital</i> | | |
| Decrease in interest receivable on loans and in other receivables | 1,173,980 | 123,320 |
| Decrease in interest payable on notes and accrued expenses | (1,168,510) | (122,154) |
| | <hr/> | <hr/> |
| Net cash flow generated from/(used in) operating activities | 5,470 | 1,166 |
| Cash flows from investing activities | | |
| Maturity of Loan | 350,000,000 | - |
| | <hr/> | <hr/> |
| Net cash flows used in investing activities | 350,000,000 | - |
| Cash flows from financing activities | | |
| Redemption of Notes | (350,000,000) | - |
| | <hr/> | <hr/> |
| Net increase in cash and cash equivalents | 5,470 | 1,166 |
| Cash and cash equivalents at the beginning of the financial year | 5,753 | 4,587 |
| | <hr/> | <hr/> |
| Cash and cash equivalents at the end of the financial year | 11,223 | 5,753 |
| | <hr/> <hr/> | <hr/> <hr/> |

The accompanying notes form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1 General information

The Company was incorporated as a Designated Activity Company on 31 January 2020, under the Companies Act 2014 with the registered number 665538 and members of the Company have limited liability.

The Company has been formed for the purpose of facilitating lending to certain English local authorities.

The Company has issued notes, including those that matured in March 2025 and those that will mature in August 2060 (the “Notes”), to fund its lending activities. The notes are listed on the International Securities Market of the London Stock Exchange. In 2021, the Company purchased existing loans from UK Municipal Bonds Agency plc (“the Original Lender”). These loans were issued to Lancashire County Council for working capital purposes, and have substantially the same terms as the notes issued. Lancashire County Council also acts as guarantor and unconditionally and irrevocably guarantees the due and punctual payment of all amounts becoming due in respect of the Notes.

Under the terms of the Notes the noteholders are entitled to receive all income and gains arising to the Company as a result of its activities. The Company has also entered into an expenses side letter with the Original Lender, which sets out that the Original Lender will pay any expenses or taxes payable by the Company until termination of the transaction. Due to the limited recourse nature of the Notes any losses incurred by the Company arising from its activities are ultimately borne by the noteholders.

2 Significant accounting policies

2.1 Statement of compliance and basis of preparation

The financial statements of the company have been prepared in compliance with ‘the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland’ (‘FRS 102’) and the Companies Act 2014.

The financial statements are prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future and will have the adequate funds available to meet their obligations as they fall due.

The preparation of financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed below, actual results may differ from estimates below.

Critical accounting judgements and estimation uncertainty

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Critical judgements in applying the Company’s accounting policies

Impairment assessment: The Company reviews its loans issued at amortised cost, other receivables and interest receivable on loans for indication of impairment at least annually. In determining whether an impairment loss should be recorded in the income statement at the reporting date, the Company’s directors make judgements as to whether any observable data exists indicating evidence of impairment which would likely result in a measurable delay in the timing or decrease in realisable amounts of the estimated future cash flows.

Key accounting estimates and assumptions

As management judgements involves an estimate of the likelihood of future events, actual results could differ from those estimates, which could affect the future reported amounts of assets and liabilities. Apart from the estimates mentioned above, the Company was not required to make any additional critical judgements when applying its accounting policies.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Significant accounting policies (continued)

2.2 Adoption of new and revised accounting standards

New and amended accounting standards adopted by the Company

In preparing the financial statements, the Company has adopted all relevant accounting standards applicable for accounting periods beginning on or after 1 January 2024. A number of new standards are effective from 1 January 2024 but they do not have a material effect on the Company's financial statements. The Company has consistently applied the accounting policies as set out in Note 2 to all periods presented in these financial statements.

The directors have reviewed the standards and interpretations that are issued but not yet effective up to the date of issuance of the Company's financial statements and assessed that none of the new standards and interpretations will have a material impact to the Company's financial statements.

Effective for annual financial periods beginning on or after 1 January 2025

| Description | Effective date (financial period beginning) |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------|
| Lack of Exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates | 1 January 2025 |
| Amendments to the Classification and Measurement of Financial Instruments – Amendments to IFRS 9 Financial Instruments and IFRS 7 Financial Instruments: Disclosures | 1 January 2026 |
| Annual Improvements to IFRS Accounting Standards – Volume 11 | 1 January 2026 |
| IFRS 18 Presentation and Disclosure in Financial Statements | 1 January 2027 |
| IFRS 19 Subsidiaries without Public Accountability: Disclosures | 1 January 2027 |

2.3 Foreign currency transactions

Functional and presentation currency

The financial statements are presented in Great British Pounds (“£”), which is the Company's functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions. At each year end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

Foreign exchange gains and losses resulting from the settlement of transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the profit and loss account. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the profit and loss account within ‘finance (expense)/income’. All other foreign exchange gains and losses are presented in the profit and loss account within ‘other operating (losses)/gains’.

Translation

The trading results of company undertakings are translated into sterling at the average exchange rates for the year. The assets and liabilities of overseas undertakings, including goodwill and fair value adjustments arising on acquisition, are translated at the exchange rates ruling at the year-end. Exchange adjustments arising from the re-translation of opening net investments and from the translation of the profits or losses at average rates are recognised in ‘Other comprehensive income’ and allocated to non-controlling interest as appropriate.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Significant accounting policies (continued)

2.4 Financial instruments

The Company has made an accounting policy choice under section 11 and 12 of FRS 102 to categorise their non-derivative financial assets and financial liabilities as basic financial instruments.

The financial instruments held by the Company include the following:

Financial assets

Portfolio of loan receivables measured at amortised cost.

Classification, recognition and subsequent measurement

The Company's portfolio of loans and receivables, cash and cash equivalents and other receivables is initially recognised at fair value plus transaction costs and subsequently stated at amortised cost using the effective interest rate method less any impairment. The Company has assessed whether there is objective evidence that impairment exists by considering the performance of the portfolio to date by reference to the level of arrears of the borrowers. From this, the Company has determined that there is no objective evidence of impairment and as such no impairment loss is recognised.

Financial liabilities

Notes issued measured at amortised cost.

Classification, recognition and subsequent measurement

These are initially recognised at fair value at the date of issuance and are subsequently measured at amortised cost using the effective interest method.

Derecognition of financial assets and liabilities

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 assets are transferred.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Company also derecognises a financial liability when its terms are modified and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Significant accounting policies (continued)

2.4 Financial instruments (continued)

Write-off

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof.

Derecognition

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the right 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 or control is transferred. Any interest in a transferred financial asset that is created or retained by the Company is recognised as a separate asset or liability.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Company is recognised as a separate asset or liability.

The Company enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all of the risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all of the risks and rewards include sale and repurchase transactions.

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled or have expired. On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount presented in the Statement of Financial Position when, and only when, the Company has a legal right to set off the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Impairment

The Company reviews its loans issued at amortised cost, other receivables and interest receivable on loans for indication of impairment at least annually. In determining whether an impairment loss should be recorded in the income statement at the reporting date, the Company's directors make judgements as to whether any observable data exists indicating evidence of impairment which would likely result in a measurable delay in the timing or decrease in realisable amounts of the estimated future cash flows.

2.5 Taxation

Taxation expense for the year comprises current and deferred tax recognised in the reporting year. Tax is recognised in the profit and loss account, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, tax is also recognised in other comprehensive income or directly in equity respectively. Tax charge represents the sum of the income tax and deferred tax.

Current tax is the amount of income tax payable in respect of the taxable profit for the period or prior periods. Tax is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the period end. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

2 Significant accounting policies (continued)

2.5 Taxation (continued)

Deferred tax arises from timing differences that are differences between taxable profits and total comprehensive income as stated in the financial statements. These timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in financial statements. Deferred tax is recognised on all timing differences at the reporting date. Unrelieved tax losses and other deferred tax assets are only recognised when it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the period end and that are expected to apply to the reversal of the timing difference.

2.6 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts. Bank overdrafts, when applicable, are shown within borrowings in current liabilities.

2.7 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.8 Operating expenses

Operating expenses are recognised in profit or loss on an accrual basis as the related services are received.

2.9 Interest income and interest expense

Interest income is recognised on an accrual basis in line with the contractual terms of the loan and receivables using the effective interest rate method.

Interest expense on notes issued is recognised on an effective yield basis.

2.10 Limited recourse and receivable from/payable to Noteholders

If the net proceeds of realisation of the assets secured as collateral against the Notes are less than the aggregate amount payable by the Company to the Noteholders, the obligations of the Company will be limited to such net proceeds, which shall be applied in accordance with the prospectus. In such circumstances, the other assets (if any) of the Company will not be available for payment of such shortfall which shall be borne by the Noteholders and the other secured parties in accordance with the prospectus applied at the time of final settlement.

Interest expense payable to the Noteholders is calculated by the calculation agent based on the applicable rate as defined in the prospectus. The returns made to the Noteholders over the life of the Company would include the effect of capital gains/losses as well as interest.

At each reporting date, when the results of operations are computed, this gain or loss is recognised in the Statement of Comprehensive Income and added to or set off against the principal amounts due to Noteholders as a fair value adjustment.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

3 Interest income

| | Financial year ended 30 June 2025 £ | Financial year ended 30 June 2024 £ |
|---------------------------------|-------------------------------------------------|-------------------------------------------------|
| Interest income on loans issued | 17,888,834 | 25,031,704 |
| | <u>17,888,834</u> | <u>25,031,704</u> |

Interest income on the loans issued to Lancashire County Council, investment located at PO Box 78, County Hall, Fishergate, Preston, PR1 8XJ, are calculated on the basis outlined in Note 8 of the financial statements.

4 Interest expense

| | Financial year ended 30 June 2025 £ | Financial year ended 30 June 2024 £ |
|----------------------------------|-------------------------------------------------|-------------------------------------------------|
| Interest expense on notes issued | (17,888,834) | (25,031,704) |
| | <u>(17,888,834)</u> | <u>(25,031,704)</u> |

Interest expense on the notes issued are calculated on the basis outlined in Note 11 to the financial statements.

5 Administration expenses and other income

| | Financial year ended 30 June 2025 £ | Financial year ended 30 June 2024 £ |
|------------------------------|-------------------------------------------------|-------------------------------------------------|
| Bank fees | (1,132) | (1,058) |
| Legal and professional fees* | (58,118) | (86,132) |
| Transaction issue costs | (127,232) | (176,151) |
| Other expenses | (2,816) | - |
| | <u>(189,298)</u> | <u>(263,341)</u> |

* Included in expenses are amounts (excluding VAT) payable to auditors, as outlined below.

| | Financial year ended 30 June 2025 £ | Financial year ended 30 June 2024 £ |
|------------------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
| Auditor's remuneration (including expenses and VAT) | | |
| Statutory audit | 18,000 | 18,000 |
| Other non-audit services | - | - |
| Total audit fee | <u>18,000</u> | <u>18,000</u> |

Fees and expenses paid to the statutory auditor, Grant Thornton, in respect of the financial year ended 30 June 2025 and 30 June 2024 relate entirely to the statutory audit of the financial statements of the company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

6 Employees and directors

The Company has no employees (2024: nil). Accounting and corporate secretarial services have been outsourced to TMF Administration Services Limited (“TMF”). No fees were paid to directors during the year (2024: £nil). The scope of corporate services agreement with TMF includes directorship service and hence fees paid to TMF include fees paid for directorship service. TMF received an estimated £3,000 as consideration for the making available of individuals to act as directors of the Company (2024: £3,000). These are included in “Legal and professional fees”. There was nil outstanding at year end (2024: £nil). The terms of the corporate services agreement provide for a single fee for the provision of corporate services (including the making available of individuals to act as directors of the Company). As a result, the allocation of fees for directorship is a subjective and approximate calculation. The individuals acting as directors do not (and will not), in their personal capacity or any other capacity, receive any fee for acting or having acted as directors of the Company. For the avoidance of doubt, the directors of the Company do not receive any remuneration from the Company for acting as directors of the Company during the year.

7 Taxation

| | Financial year ended 30 June 2025 £ | Financial year ended 30 June 2024 £ |
|---------------------------------------------------|-------------------------------------------------|-------------------------------------------------|
| (a) Tax expense included in profit or loss | | |
| Current tax: | | |
| - Foreign corporation tax on profits for the year | - | - |
| - Adjustment in respect of prior years | - | - |
| Total current tax | <u>-</u> | <u>-</u> |
| Deferred tax: | | |
| - Origination and reversal of timing differences | - | - |
| - Adjustment in respect of prior years | - | - |
| - Impact of change in tax rate | - | - |
| Total deferred tax | <u>-</u> | <u>-</u> |
| Tax on profit | <u>-</u> | <u>-</u> |
| | Financial year ended 30 June 2025 £ | Financial year ended 30 June 2024 £ |
| (b) Reconciliation of tax charge | | |
| Profit before tax | <u>-</u> | <u>-</u> |
| Corporation tax at standard rate | - | - |
| Effects of: | | |
| - Income not subject to tax | - | - |
| - Double taxation relief | - | - |
| - Expenses not deductible for tax purposes | - | - |
| Total charge for the financial year | <u>-</u> | <u>-</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

7 Taxation (continued)

In December 2021, the Organisation for Economic Co-operation and Development (OECD) issued model rules for a new global minimum tax framework (Pillar Two), and various governments around the world have issued, or are in the process of issuing, legislation on this. In Ireland, the government released legislation on Pillar Two in 31 December 2023. The Company is in the process of assessing the full impact of this.

Corporation tax is provided on taxable profits at the current tax rate applicable to the Company's activities. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised directly in other comprehensive income or equity, in which case it is recognised in other comprehensive income or equity. Current tax is the expected tax payable on the taxable income for the financial year, using the tax rates applicable to the Company's activities enacted or substantially enacted at the Statement of Financial Position date.

8 Loans issued at amortised cost

| | As at 30 June 2025 £ | As at 30 June 2024 £ |
|----------------------------------------|-------------------------------|-------------------------------|
| <i><u>Movements on investments</u></i> | | |
| Opening balance | 591,870,000 | 591,870,000 |
| Matured Loans | <u>(350,000,000)</u> | <u>-</u> |
| | <u>241,870,000</u> | <u>591,870,000</u> |

In 2022, the Company issued two separate loans to Lancashire County Council, a UK based local council, for working capital purposes. The terms of these loans are set out below.

| Description | Issue price | Carrying value £ | Issue rate |
|--------------------------------------|-------------|---------------------|---------------------------|
| £350,000,000 loan issued 12 Mar 2020 | 100 | 350,000,000 | Floating, SONIA + 0.8000% |
| £250,000,000 loan issued 26 Aug 2020 | 96.748 | <u>241,870,000</u> | Fixed, 1.6250% |
| | | <u>591,870,000</u> | |

Interest receivable at 30 June 2025 is £nil relating to the £350,000,000 loan (2024: £1,035,616 relating to the £350,000,000) and interest receivable at 30 June 2025 is £1,380,136 relating to the £250,000,000 loan issued (2024: £1,391,267 relating to the £250,000,000). The £350M loan issued 12 March 2020 matured on 12 March 2025.

Impairment is £nil at 30 June 2025 (2024: £nil).

9 Cash and cash equivalents

| | As at 30 June 2025 £ | As at 30 June 2024 £ |
|--------------|-------------------------------|-------------------------------|
| Cash at bank | <u>11,223</u> | <u>5,753</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

10 Other receivables

| | As at 30 June 2025 £ | As at 30 June 2024 £ |
|-----------------------------------------|-------------------------------|-------------------------------|
| Capitalised issue costs on notes issued | 525,827 | 653,060 |
| Share capital receivable | <u>1</u> | <u>1</u> |
| | <u>525,828</u> | <u>653,061</u> |

11 Notes issued at amortised cost

| | As at 30 June 2025 £ | As at 30 June 2024 £ |
|-----------------|-------------------------------|-------------------------------|
| Opening balance | 591,870,000 | 591,870,000 |
| Redemptions | <u>(350,000,000)</u> | <u>-</u> |
| Closing balance | <u>241,870,000</u> | <u>591,870,000</u> |

In 2022 the Company issued two separate notes to fund its lending activities. The terms of these notes are set out below.

| Class | Carrying value £ | Interest rate | Maturity date |
|--------------------------------------|---------------------|---------------------------|----------------|
| £350,000,000 note issued 12 Mar 2020 | 350,000,000 | Floating, SONIA + 0.8000% | 12 March 2025 |
| £250,000,000 note issued 26 Aug 2020 | <u>241,870,000</u> | Fixed, 1.6250% | 26 August 2060 |
| | <u>591,870,000</u> | | |

Interest payable at 30 June 2025 is £nil relating to the £350,000,000 note (2024: £1,035,616 relating to the £350,000,000) and interest payable at 30 June 2025 is £1,380,136 relating to the £250,000,000 note issued (2024: £1,391,267 relating to the £250,000,000).

The notes are listed on the International Securities Market of the London Stock Exchange. Under the terms of the Notes the noteholders are entitled to receive all income and gains arising to the Company as a result of its activities. Due to the limited recourse nature of the Notes any losses incurred by the Company arising from its activities are ultimately borne by the noteholders. They are therefore all related to the credit risk of the Company.

12 Accrued expenses

| | As at 30 June 2025 £ | As at 30 June 2024 £ |
|------------------|-------------------------------|-------------------------------|
| Expense accruals | 122,354 | 97,807 |
| Expense reserve | <u>414,696</u> | <u>561,006</u> |
| Closing balance | <u>537,050</u> | <u>658,813</u> |

Expense reserve is the difference between the loan amount issued per transaction documents and the cash amount paid. This is deducted from the loan issued as an expense buffer since 2021.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

13 Share capital

Authorised share capital

| | As at 30 June 2025 | | As at 30 June 2024 | |
|----------------------------|--------------------------|-----------|--------------------------|-----------|
| | No. | £ | No. | £ |
| Ordinary shares of €1 each | <u>100</u> | <u>84</u> | <u>100</u> | <u>84</u> |

Called up

| | As at 30 June 2025 | | As at 30 June 2024 | |
|----------------------------|--------------------------|----------|--------------------------|----------|
| | No. | £ | No. | £ |
| Ordinary shares of €1 each | <u>1</u> | <u>1</u> | <u>1</u> | <u>1</u> |

The Company's issued share capital is held by TMF Management (Ireland) Limited on trust for charity.

Capital management

The capital managed by the Company comprises of ordinary shares outstanding and the Notes issued and outstanding as at the financial year-end. The Company is not subject to externally imposed capital requirements.

The Company manages its capital to ensure that it is able to continue as a going concern and for the purposes of achieving its investment objectives as outlined in Note 1. There were no changes to the policies and procedures during the financial year with respect to the Company's approach to its capital management program.

14 Classification of financial assets and financial liabilities

| | Mandatorily at FVTPL | Financial assets at amortised cost | Financial liabilities at amortised cost | Total |
|----------------------------------|-------------------------|------------------------------------------|-----------------------------------------------|----------------------|
| 30 June 2025 | £ | £ | £ | £ |
| Loans issued at amortised cost | - | 241,870,000 | - | 241,870,000 |
| Cash and cash equivalents | - | 11,223 | - | 11,223 |
| Other receivables | - | 525,828 | - | 525,828 |
| Interest receivable on loans | - | 1,380,136 | - | 1,380,136 |
| | <u>-</u> | <u>243,787,187</u> | <u>-</u> | <u>243,787,187</u> |
| Notes issued at amortised cost | - | - | (241,870,000) | (241,870,000) |
| Interest payable on notes issued | - | - | (1,380,136) | (1,380,136) |
| Accrued expenses | - | - | (537,050) | (537,050) |
| | <u>-</u> | <u>-</u> | <u>(243,787,186)</u> | <u>(243,787,186)</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

14 Classification of financial assets and financial liabilities (continued)

| | Mandatorily at FVTPL | Financial assets at amortised cost | Financial liabilities at amortised cost | Total |
|----------------------------------|-------------------------|------------------------------------------|-----------------------------------------------|----------------------|
| | £ | £ | £ | £ |
| 30 June 2024 | | | | |
| Loans issued at amortised cost | - | 591,870,000 | - | 591,870,000 |
| Cash and cash equivalents | - | 5,753 | - | 5,753 |
| Other receivables | - | 653,061 | - | 653,061 |
| Interest receivable on loans | - | 2,426,883 | - | 2,426,883 |
| | <u>-</u> | <u>594,955,697</u> | <u>-</u> | <u>594,955,697</u> |
| Notes issued at amortised cost | - | - | (591,870,000) | (591,870,000) |
| Interest payable on notes issued | - | - | (2,426,883) | (2,426,883) |
| Accrued expenses | - | - | (658,813) | (658,813) |
| | <u>-</u> | <u>-</u> | <u>(594,955,696)</u> | <u>(594,955,696)</u> |

15 Net debt reconciliation

| | As at 30 June 2024 | Cash flows | Other non-cash changes | As at 30 June 2025 |
|--------------------------------|--------------------------|--------------------|---------------------------|--------------------------|
| | £ | £ | £ | £ |
| Cash and cash equivalents | 5,753 | 5,470 | - | 11,223 |
| Notes issued at amortised cost | <u>(591,870,000)</u> | <u>350,000,000</u> | <u>-</u> | <u>(241,870,000)</u> |
| | <u>(591,864,247)</u> | <u>350,005,470</u> | <u>-</u> | <u>(241,858,777)</u> |

16 Financial risk management

The Company is exposed to a variety of financial risks: market risk (including interest rate risk and price risk), currency risk, credit risk, concentration risk and liquidity risk.

16.1 Market risk

Market risk is the potential adverse change in value caused by unfavourable movements in interest rates, foreign exchange rates or market prices of financial instruments. The market risks associated with these activities are outlined on the next page. The Company monitors the quality and exposure of the portfolio to these risks on an ongoing basis. This advises on the valuation of the assets in the portfolio.

(i) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The tables overleaf provide an analysis of the interest rate profile of the Company's portfolio as at 30 June 2025 and 30 June 2024:

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Financial risk management (continued)

16.1 Market risk (continued)

| | Interest bearing floating rate £ | Interest bearing fixed rate £ | Non-interest bearing £ | Total £ |
|----------------------------------|-------------------------------------------|----------------------------------------|------------------------------|----------------------|
| 30 June 2025 | | | | |
| Financial assets | | | | |
| Loans issued at amortised cost | - | 241,870,000 | - | 241,870,000 |
| Cash and cash equivalents | 11,223 | - | - | 11,223 |
| Other receivables | - | - | 525,828 | 525,828 |
| Interest receivable on loans | - | - | 1,380,136 | 1,380,136 |
| | <u>11,223</u> | <u>241,870,000</u> | <u>1,905,964</u> | <u>243,787,187</u> |
| Financial liabilities | | | | |
| Notes issued at amortised cost | - | (241,870,000) | - | (241,870,000) |
| Interest payable on notes issued | - | - | (1,380,136) | (1,380,136) |
| Accrued expenses | - | - | (537,050) | (537,050) |
| | <u>-</u> | <u>(241,870,000)</u> | <u>(1,917,186)</u> | <u>(243,787,186)</u> |
| Net exposure | <u>11,223</u> | <u>-</u> | <u>(11,222)</u> | <u>1</u> |

(i) Interest rate risk (continued)

| | Interest bearing floating rate £ | Interest bearing fixed rate £ | Non-interest bearing £ | Total £ |
|----------------------------------|-------------------------------------------|----------------------------------------|------------------------------|----------------------|
| 30 June 2024 | | | | |
| Financial assets | | | | |
| Loans issued at amortised cost | 350,000,000 | 241,870,000 | - | 591,870,000 |
| Cash and cash equivalents | 5,753 | - | - | 5,753 |
| Other receivables | - | - | 653,061 | 653,061 |
| Interest receivable on loans | - | - | 2,426,883 | 2,426,883 |
| | <u>350,005,753</u> | <u>241,870,000</u> | <u>3,079,944</u> | <u>594,955,697</u> |
| Financial liabilities | | | | |
| Notes issued at amortised cost | (350,000,000) | (241,870,000) | - | (591,870,000) |
| Interest payable on notes issued | - | - | (2,426,883) | (2,426,883) |
| Accrued expenses | - | - | (658,813) | (658,813) |
| | <u>(350,000,000)</u> | <u>(241,870,000)</u> | <u>(3,085,696)</u> | <u>(594,955,696)</u> |
| Net exposure | <u>5,753</u> | <u>-</u> | <u>(5,752)</u> | <u>1</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Financial risk management (continued)

16.1 Market risk (continued)

The impact of 5% movement in the interest rate on interest bearing floating rate financial assets and financial liabilities in Statement of Comprehensive Income is shown as follows:

| | As at 30 June 2025 £ | As at 30 June 2024 £ |
|-----------------------------------------------------------------------------------|-------------------------------|-------------------------------|
| 5% movement in interest rates for interest bearing floating rate financial assets | - | 17,500,000 |
| Adjustment on interest expense from financial liabilities | - | (17,500,000) |
| | <u>-</u> | <u>-</u> |

(ii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting similar financial instruments traded in the market. The Company's exposure to price risk is nil given none of its assets or liabilities are held at fair value.

(iii) Currency risk

Substantially all of the Company's assets and liabilities are denominated in Great British Pounds (£), including the loans and notes issued, cash and cash equivalents, interest receivable and payable. Fees to auditors and the corporate service provider are paid in Euro. All other fees are payable in Great British Pound (£). As a result, any currency rate fluctuations would have an immaterial impact on the Company. Any currency exchange losses would accrue to the Noteholder, due to the limited recourse nature of the Note. Currency risk is immaterial no sensitivity analysis has been presented.

16.2 Credit risk

Credit risk arises from the possibility of counterparties failing to meet their obligations to the Company and represents the most significant category of risk.

The maximum exposure to credit risk at the reporting date is as follows:

| | As at 30 June 2025 £ | As at 30 June 2024 £ |
|--------------------------------|-------------------------------|-------------------------------|
| Loans issued at amortised cost | 241,870,000 | 591,870,000 |
| Cash and cash equivalents | 11,223 | 5,753 |
| Other receivables | 525,828 | 653,061 |
| Interest receivable on loans | 1,380,136 | 2,426,883 |
| | <u>243,787,187</u> | <u>594,955,697</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Financial risk management (continued)

16.2 Credit risk (continued)

The Company's cash and cash equivalents is held with HSBC Bank plc which was rated Aa3 as at 30 June 2025 (2024: Aa3).

The long term Moody's credit rating for Lancashire County Council as at 30 June 2025 is A2 (2024: A1).

A fundamental reform of major interest rate benchmarks has been taking place globally. The reform aimed to replace some interbank offered rates (IBORs) with alternative nearly risk-free rates (referred to as 'IBOR reform').

LIBOR impact on the Company is limited given that the portfolio has no loans issued using LIBOR as a benchmark. Only one of the loans has a floating interest rate, and in that case, SONIA applies. Therefore, there is no impact of the IBOR reform on the Company.

16.3 Concentration risk

Concentration risk can arise from the type of investments held in the portfolio, the maturity of assets, the concentration of sources of funding, concentration of counterparties or geographical locations. Prudent risk management implies maintaining the exposure to various risks at a reasonable level.

The Company's loans are issued to Lancashire County Council ("the Borrower"), a local authority for the non-metropolitan county of Lancashire, England. Moody's current long term credit rating for the Borrower is A2. The Borrower has moderate debt levels and its credit profile is supported by the statutory requirement to pass balanced budgets. It is subject to fiscal and regulatory oversight by the UK Government. It is also highly likely that in the event of the Borrower facing financial difficulties, the UK Government would provide financial support. The long term Moody's rating for the UK Government is Aa3. As a result, the Directors have believe despite substantially all of the Company's assets being concentrated with one counterparty, the risk arising is minimal.

16.4 Liquidity risk

The Company's primary source of funds is from the issuance of Notes. The Company manages liquidity risk through the issuance of the Notes. Lancashire County Council acts as guarantor in the event the Company cannot pay its debts in relation to note principal and interest as they fall due, whereby Lancashire County Council will pay amounts due on the Company's behalf. UK Municipal Bonds Agency plc has also agreed to pay all expenses and taxes up to appointment on the Company's behalf, as per an expenses side letter entered into by it and the Company.

The tables below shows the breakdown between the carrying amount and the gross contractual cashflows of the Company's financial liabilities which are due within a year or more than a year.

| | Carrying amount of liability £ | Gross contractual cashflows £ | Due within one year £ | Due in more than one year £ |
|----------------------------------|-----------------------------------------|----------------------------------------|-----------------------------|-----------------------------------|
| 30 June 2025 | | | | |
| Notes issued at amortised cost | 241,870,000 | 241,870,000 | - | 241,870,000 |
| Interest payable on notes issued | 1,380,136 | 144,907,118 | 5,499,060 | 139,408,058 |
| Accrued expenses | 537,050 | 537,050 | 537,050 | - |
| | <u>243,787,186</u> | <u>387,314,168</u> | <u>6,036,110</u> | <u>381,278,058</u> |

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

16 Financial risk management (continued)

16.4 Liquidity risk (continued)

| 30 June 2024 | Carrying amount of liability £ | Gross contractual cashflows £ | Due within one year £ | Due in more than one year £ |
|----------------------------------|-----------------------------------|----------------------------------|--------------------------|--------------------------------|
| Notes issued at amortised cost | 591,870,000 | 591,870,000 | 350,000,000 | 241,870,000 |
| Interest payable on notes issued | 2,426,883 | 163,901,042 | 27,837,473 | 136,063,569 |
| Accrued expenses | 658,813 | 658,813 | 658,813 | - |
| | <u>594,955,696</u> | <u>756,429,855</u> | <u>378,496,286</u> | <u>377,933,569</u> |

The Company's obligation under the Notes is limited to the receipt of interest and proceeds from settlement of the loan and receivables.

17 Contingent liabilities and commitments

There were no contingent liabilities as of 30 June 2025 (2024: nil). Contingent liabilities are assessed continually to determine whether transfers of economic benefits have become probable. Where future transfers of economic benefits change from previously disclosed contingent liabilities, provisions are recognised in the financial year in which the changes in probability occur.

18 Related party transactions

Accounting and corporate secretarial services have been outsourced to TMF that is holding the shares of the Company on trust for charity. Total fees charged from TMF were £22,042 (2024: £41,222) and the amount payable at year end was £26,347 (2024: £4,305). Total service fees paid to HSBC, Paying agent during the year were £11,192 (2024: £11,569). No fees were paid to directors during the year (2024: £nil). The scope of corporate services agreement with TMF includes directorship service and hence fees paid to TMF include fees paid for directorship service. TMF received an estimated £3,000 (2024: £3,000) as consideration for the making available of individuals to act as directors of the Company. The terms of the corporate services agreement provide for a single fee for the provision of corporate services (including the making available of individuals to act as directors of the Company). As a result, the allocation of fees for directorship is a subjective and approximate calculation. The individuals acting as directors do not (and will not), in their personal capacity or any other capacity, receive any fee for acting or having acted as directors of the Company. For the avoidance of doubt, the directors of the Company do not receive any remuneration from the Company for acting as directors of the Company.

19 Subsequent events

On 23 July 2025, the issued notes with an aggregate principal amount of £250,000,000 1.625% due on 2060 were purchased by Lancashire County Council in the open market, which will be cancelled. In connection with the note cancellation, the Company has entered into an amendment letter to reduce the principal amount outstanding by £38,106,000.

On 22 December 2025, Stephen Healy was appointed as an Alternate Director.

There were no other significant subsequent events after the end of the reporting year until the date of approval of the financial statements.

20 Approval of financial statements

The board of Directors approved these financial statements 23 December 2025.