

EMH Housing and Regeneration Limited

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2023

EMH HOUSING AND REGENERATION LIMITED
REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

Contents	Page
Association Information	2
Report of the Board	3 – 13
Independent Auditor’s Report to the Members of EMH Housing and Regeneration Limited	14 – 18
Statement of Comprehensive Income	19
Statement of Financial Position	20
Statement of Changes in Equity	21
Statement of Cashflows	22
Notes to the Financial Statements	23 – 53

**EMH HOUSING AND REGENERATION LIMITED
ASSOCIATION INFORMATION**

FOR THE YEAR ENDED 31 MARCH 2023

BOARD MEMBERS

Christopher Hobson – Chair (*stood down December 2022*)

Tim Brown – Chair (*from December 2022*)

Emma Foody

Chandrakant Kataria

Gail Puttock

Masaud Subedar

Shabir Ismail (*appointed September 2022*)

Paul Parkinson (*appointed September 2022*)

PRINCIPAL BANKER

Barclays Bank Plc

Leicester

Leicestershire

LE87 2BB

AUDITOR

KPMG LLP

One Snow Hill

Snowhill Queensway

Birmingham

B4 6GH

SECRETARY AND REGISTERED HEAD OFFICE

Joanne Tilley

Memorial House

Whitwick Business Park

Stenson Road

Coalville

Leicestershire

LE67 4JP

emh homes is the trading name of EMH Housing and Regeneration Limited.

EMH Housing and Regeneration Limited is incorporated under the Co-operative and Community Benefit Societies Act 2014 (Registered Number IP032198) and registered by Homes England (Registered Number 4775).

EMH HOUSING AND REGENERATION LIMITED

REPORT OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2023

The Board of EMH Housing and Regeneration Limited are pleased to present its financial statements for the year ended 31 March 2023.

Background

The Association has been providing affordable housing since 1946 and is now one of the leading providers of affordable housing in the East Midlands. emh homes was the result of an amalgamation of four registered providers and now manages over 20,000 properties across 49 local authorities in the East Midlands.

The Association describes itself as “profit for purpose”, signifying its commitment to demonstrating an increasingly commercial mind-set to its activities, with a focus on efficiency, value for money and sweating its assets in order to deliver its social purpose.

The Association is a subsidiary of emh group. The consolidated accounts for emh group are available on its website www.emhgroup.org.uk.

Corporate Mission and Aims

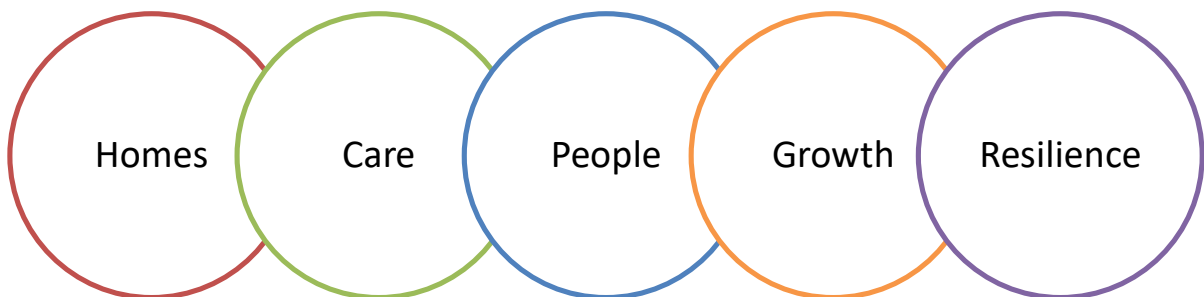
The Association strives to “provide housing and care to improve opportunities for people”. This is underpinned by our corporate values: -

- Integrity** We work to the highest ethical standards.
- Diversity** We respect others for who they are.
- Openness** We are honest and straight forward.
- Accountability** We are accountable to and influenced by our customers.
- Clarity** We are clear about what we are here to do and why.
- Excellence** We strive to be the best in everything we do.

Our Board and Executive Team are committed to reaching our vision “to be the best social housing and care business” by 2023. A range of metrics have been developed to measure our journey towards the vision.

Future Plans

We recognise that the sector we operate in is under more focus and scrutiny than ever before. We face increased demand, rising expectations, greater scrutiny, and financial pressures at a time of global insecurity and uncertainty. Our response is strong and simple: to do things better and to prepare for the future. Our ‘emh working principles’ are now embedded within our Strategic Business Goals.



EMH HOUSING AND REGENERATION LIMITED

REPORT OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2023

Future Plans (continued)

To have greater certainty and control over our business, we've switched to having a three-year plan, rather than five years. The impact of inflation and economic insecurity, wars, climate change, demographics and artificial intelligence make it much harder to predict events and market conditions than before. The UK is also going through profound political upheavals at local, regional and national levels.

We want to do the basics brilliantly and believe there are 10 outcomes and enablers in doing so.

Outcomes;

- Building new Homes
- Fit for purpose repairs and customer service
- A stronger voice for customers
- Best use of assets with sustainable housing & care
- A culture of EDI, safety and wellbeing

Making it Happen

- Strong financial position
- Comprehensive asset information
- Secure and reliable data on homes and people
- Robust health & safety and compliance
- Maintain skilled & diverse Board membership

1. Homes

A safe, secure and affordable home is the foundation for a happy, healthy and successful life. We will continue to provide homes that are comfortable, well maintained, closely managed and kind to the environment. We will continue to help prevent and respond to homelessness.

- We have updated our customer service strategy with a focus on right first time. We will actively seek to improve satisfaction, lower complaints and produce less waste;
- We are streamlining our services through 'The Big Project' to maximise value for money and efficiency from our in house maintenance team;
- We will review our service delivery model to reflect the priorities in the Better Social Housing Review, allowing colleagues to be a stronger and more visible presence in local areas and strengthening communities;
- Having developed a 'Lets Influence Strategy' we will bring colleagues and customers together to improve homes, care and services;
- We will embed the 3R's brand voice, Resolute, Respectful and Reliable, into our communication with customers to achieve a consistent style and standard;
- We are committed to meeting the updated Decent Homes Standard and ensuring that every property has an Energy Performance Certificate rating of at least C by 2030;
- We are active members of the Homes for Cathy and will continue to work within our Homelessness Strategy.

2. Care

The long-term funding and sustainability of social care for people in later life and those with disabilities or who need extra support for any other reason remains one of Britain's biggest challenges. Our care business needs to meet the highest standards of performance, quality and compliance and be financially viable.

- We will continuously monitor the quality and compliance of our services, ensuring they remain safe, effective, caring, responsive and well led;
- We will continue to build mixed tenure, Extra Care schemes including provision for working age people;
- We will improve financial viability of the Care Business, generating sustainable surpluses, and demonstrating strong budgetary controls within a delegated framework ensuring our assets meet all required standards and are fit for purpose;
- We will address the people resource and skills gap within the business, deliver higher retention rates and lower employee turnover; introducing an effective people management and training matrix; and highly productive, motivated and engaged colleagues.
- We will ensure all care records are digitised by 2024;

EMH HOUSING AND REGENERATION LIMITED

REPORT OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2023

Future Plans (continued)

- We will draw on our experience and expertise in care to lead on safeguarding compliance for all customers and colleagues.

3. People

Housing and Care are people businesses. Systems and processes are important too, but it's the motivation, engagement and skills of people that make the right things happen. We'll continue to invest in our culture, customers and colleagues to get the best for and from everyone involved in our business.

- We will develop inclusive leadership that champions agility and change readiness;
- We will plan ahead to ensure smooth succession in our board and committees;
- We will continue to ensure that all line managers are trained coaches;
- We will embed an inclusive culture using the Cultural Values Assessments;
- We will continue to invest in our aspiring leaders and managers programmes;
- We will develop a revised Equality, Diversity and Inclusion People Strategy;
- We will continue to support colleagues with the Employee Assistance Programmes.

4. Growth

Our business cannot and will not stand still. While striving to do the basics brilliantly, we will continue to provide up to 500 new homes in each year of this plan. As a Homes England Strategic Partner we'll make the best use of grants, private finance and partnerships to build a mix of affordable homes to meet a wide range of needs in both urban and rural communities.

- We will continue to build new properties in close partnership with the local authorities;
- We will further strengthen our strategic partnership with Homes England;
- We will provide a professional sales and after sales service to all customers;
- We will work toward all new homes adhering to the Future Homes Standard and an EPC rating of C;
- We will build at least 2 mixed tenure Extra Care schemes and a range of supported living.

5. Resilience

Inflation, cost-of-living and interrupted supply chains create new risks to our stability, which we expect to continue or increase during the three years of this plan. We need to be a financially secure and efficient business with good data, and that's focused on value for money and being ready for whatever the future brings.

- We will ensure sufficient liquidity and funding to meet growth objectives whilst maintaining our financial strength with sufficient financial headroom;
- We will retain our A+ rating from Standard & Poor's;
- We will develop a Financial Plan that includes decarbonisation and safety requirements, with clear stock condition costs which ensures covenant compliance;
- We will raise new finance in line with the Treasury Strategy and review existing loans for opportunities for cost savings;
- We will continue to develop data systems and governance that provide one version of the truth with effective dashboard reporting of key performance indicators.

A copy of the full Business plan with key measures of success can be found at www.emhgroup.org.uk

EMH HOUSING AND REGENERATION LIMITED

REPORT OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2023

Board Membership, remuneration and attendance

Name	Remuneration	Board Meeting Attendance
Tim Brown Chair	Parent Nominee Paid by emh group	5/5
Christopher Hobson*	Parent Nominee Paid by emh group	4/4
Gail Puttock	Parent Nominee Paid by emh group	3/5
Emma Foody	£4,811.01	3/5
Chandrakant Kataria	Paid by emh group as an executive	4/5
Masaud Subedar	£4,811.01	5/5
Shabir Ismail**	Parent Nominee Paid by emh group	2/2
Paul Parkinson**	£2,630.92	2/2

*Left December 2022 **Appointed September 2022

Leadership and Governance

Strong leadership is pivotal to delivering high quality services. Our Board are carefully selected to bring a diverse range of skills and expertise in the areas that the Association operates, and Board Members are subject to an individual annual appraisal. The Board meets at least four times a year and are committed to continued board development.

On an annual basis we carry out a review of the effectiveness of our Board and this is independently reviewed every three years and was last undertaken in 2021. We have also undertaken an external review of our corporate and governance structures during the year which confirmed that these remained appropriate. The Association has adopted and is compliant with the National Housing Federation 2020 Code of Governance.

Customer influence plays a vital role in shaping the future of the Association. Over the last 12 months, we have evolved our resident influence structures, established new resident groups, and targeted our customer involvement activities to ensure we meet the expectations of the Social Housing Regulation Bill. The new structures and resident groups will improve the way we seek out, listen to and act on the voice of the customer. At the start of the year, we undertook a large-scale resident recruitment campaign to increase and diversify our pool of involved residents. We currently have 1,606 engaged residents, who regularly take part in online consultations, surveys, focus groups, estate inspections, policy reviews and service investigations.

Operating Environment and Risk

The needs of our customers continue to change with many requiring more from us as a care and housing provider. The ongoing rises in living costs, especially heating, fuel and food, are placing considerable financial burdens on many of our tenants and residents. With an ageing population and a fragile care system, we face challenges to both the housing and care sectors. We want to remove the stigma attached to the social housing and care sectors and to bring about a change in perceptions so our customers, colleagues and others across the sectors can be proud about social housing and care. We have a lot to achieve, but emh group is already proud to provide housing and care services to residents and service users in circa 21,800 properties with a turnover of £130million and circa 1,100 employees.

Our objectives remain relevant even when facing unprecedented changes to our operating context - changes that have and continue to present us with both challenges and opportunities, and we embrace both.

EMH HOUSING AND REGENERATION LIMITED

REPORT OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2023

Operating Environment and Risk (continued)

The Better Social Housing Review 2022 sets the future expectations of the sector and we have developed an action plan to implement the recommendations. We welcome the emphasis on housing providers refocusing on their core purpose, and the commitments to positive placeshaping and levelling up. The Review anticipated many of the requirements contained in the Social Housing Regulation Act, including closer consumer regulation and inspection, strengthened powers for the Housing Ombudsman Services and a new framework of Tenant Satisfaction Measures.

We embrace all these changes to give customers greater assurance about the homes and services they have a right to expect. Uncomfortable as it can be, the media and public are right to highlight instances where housing providers fail to meet their obligations or basic standards of safety, listening and responsiveness. We resolve to avoid these situations in our business, and to put things right quickly and be held to account if they do ever occur.

As a PlaceShapers housing provider, we're always conscious of the wider impact of our work and the opportunities it creates. Our environmental, social and governance (ESG) plan sets out a range of initiatives – from digital inclusion to waste recycling and town regeneration – with regular reporting and monitoring of progress against the relevant United Nations Sustainable Development Goals.

We are proud to have retained our accreditation as an Investors in People Gold organisation, showing true testament to our colleagues. We have expanded the team of cultural transformation practitioners trained within the Group; and have established an Aspiring Leader's programme to sit alongside our Aspiring Manager's programme, with a strong focus on growing our own talent across our business. A move to permanent home and flexible working for many of our staff has been well received with additional training and support provided to facilitate this change. All managers have been trained in coaching techniques to further improve support for colleagues across the organisation.

Due to the ongoing hard work and dedication of our Income team we have exceeded our arrears target of 3.50% achieving 3.25% at year end. We have also seen strong property sales continue as the market remains buoyant in our operating area. The cost of living crisis is likely to impact going forward and our stress testing shows that whilst financial performance may vary in the short term, viability will not be threatened. This situation will be monitored as the situation develops. We are financially strong and although our surpluses will be weaker in the short term, we remain well ahead of our financial covenants.

Our main areas of operation, the provision of affordable housing and care & support services, continue to be complex and diverse. The housing crisis is multi-faceted, with key issues around affordability, availability, homelessness and living standards. Having been in operation for over 75 years and with expertise including rural housing, specialist and supported housing and the profile and reputation to influence at both a local and national level within the sector, we are well placed to be part of the solution.

Having strengthened our Strategic Partnership with Homes England we now aim to develop up to 500 new homes each year across the region, with a mix of social rent, affordable rented, low-cost home ownership and market sale properties. Being able to offer a balanced mix of new homes will allow us to support and build sustainable communities. Our development programme now includes more land-led schemes alongside the traditional S106 and package deals following the incorporation of emh Development Company Limited.

We are also focused on the standard of our current homes. As homes account for about a third of all the UK's carbon emissions, it is imperative for us to upgrade properties to make them better insulated, more energy-efficient and affordable to heat.

EMH HOUSING AND REGENERATION LIMITED

REPORT OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2023

Operating Environment and Risk (continued)

We remain committed to making a real difference to homelessness. Preventing, reducing and responding to homelessness – higher inflation, interest rates and cost of living create extra difficulties for households, but we believe that no-one should be without somewhere safe, secure and affordable to live. We are pleased to support vitally important work by partnering with six local authority homelessness partnerships across the East Midlands. These will provide real solutions, increase homelessness temporary provision and also move on accommodation with support to ensure tenancies have every chance of success. This includes our support for several applications for funding to pilot Housing First schemes across 6 local authority districts, and important local partnerships to rehouse refugees.

Providing housing and care to improve opportunities for people remains at the heart of what we do, and these challenges and uncertainties do nothing to diminish our strong social purpose. The financial strength of the Group did not face viability concerns despite the challenging environment. Following an In-Depth Assessment in early 2023 our grading changed to V2/G1. Following the review it was deemed that whilst emh remain financially stable the risk of managing external factors has increased. This change was felt by many in the sector and is reflective of the challenges being faced across the country. Emh have accepted this result and are proactively working on our strategy to return to V1. Our A+ negative rating has been confirmed by Standard & Poors in year.

We have had a successful year being shortlisted for or winning many prestigious awards including;

- Winner of the British Chambers of Commerce (BCC) Chamber Business Awards in the Equality Trailblazer for the East Midlands region.
- Highly commended Vulnerable Customer Support Organisation in the Energy Efficiency Awards 2023
- Winner of Housing Association/Landlord in the Energy Efficient Awards 2023 for the 3rd year running.

The Group Audit Committee have responsibility for monitoring key risks and uncertainties faced by the Association and ensuring that controls are in place to manage and mitigate risks. Emerging risks are also captured and closely monitored.

Achievements in the Year

Financial Performance

We continue to challenge ourselves to be financially efficient and aim to reduce our core operating costs through cost saving and growth. As a profit for purpose organisation, our priority is to maximise the margin on our core operations in order to generate cash for new developments, new projects and reinvestment in our services and assets.

The table below gives an overview of the financial performance of the Association for the year. The ratios are for performance management only and do not reflect our loan covenants.

EMH HOUSING AND REGENERATION LIMITED
REPORT OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2023

Achievements in the Year (continued)

Financial Performance (continued)

Year ended	31 March 2023 £millions	31 March 2022 £millions
<u>INCOME AND EXPENDITURE</u>		
Operating surplus	32.4	33.2
Operating margin (exc surplus on sales)	24.4%	27.0%
Operating margin – social housing lettings	23.8%	28.4%
<u>STATEMENT OF FINANCIAL POSITION</u>		
Total tangible fixed assets	970.0	904.0
Net assets	184.3	174.0
Properties in management at year end	20,257	19,892

Our operating surplus for the year was £32.4m, £0.8m lower than in 2022. This was predominately due to our social housing lettings activities where the operating margin was £27.3m (2022: £28.3m). Ongoing pressures remained on costs and resources, particularly on maintenance and estate costs as we further improve our homes and communities.

Total tangible fixed assets increased by £66m in the year predominantly due to our investment in new properties and capital maintenance of our existing properties including replacement kitchens, roofs, windows & doors and electrical rewire programmes.

Net current assets decreased by £14.8m in the year; cash balances reduced to £35m at year end with investments reducing to just £3m.

Borrowing increased from £493m to £531m. £50m revolving credit facility with Santander matured in year leaving an available facility of £140m with £60m drawn down. As part of the debt restructuring work, loans with Dexia and Barclays were repaid and two bonds sold. Our pension deficit liabilities increased during the year. Whilst there have been slight amendments in the assumptions for SHPS the significant changes are within LGPS. The triannual revaluation has taken place with changes to all base assumptions.

Business Plan Objectives

During the year significant progress was made against the targets set in the final year of the Business Plan. Highlights include:-

- ✓ We have established a partnership arrangement with a local authority to tackle homelessness;
- ✓ We have achieved 85% of our target to develop 2,500 new homes in 5 years;
- ✓ We have helped 1,134 households into home ownership;
- ✓ 91% satisfaction achieved with condition of our homes;

EMH HOUSING AND REGENERATION LIMITED

REPORT OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2023

Business Plan Objectives

- ✓ We have 1,606 actively involved residents;
- ✓ We achieved 134 1st tranche sales in year exceeding the required margin. We also secured 42 staircasing sales;
- ✓ We continued to work as a Strategic Partner and received £8.5m in the year, further strengthening our relationship with Homes England;
- ✓ 74% of our tenants have signed up to our online portal;
- ✓ Supporting over 200 apprentices to date and continuing to invest in current talent;
- ✓ We maintained our credit rating following a reassessment by Standard and Poor's, highlighting our improving operational performance and significant development programme;
- ✓ We retained the Investors in People Gold accreditation;
- ✓ Publishing our Environmental, Social and Governance report and made a successful bid via Midlands Energy Hub for the second wave of Social Housing Decarbonisation Fund to improve EPC ratings a further 320 homes over the next 2 years.

Value for Money

Delivering Value for Money (VfM) is integral to the way the Association operates and as such is overseen directly by the Group Board. During the year we have continued to work within our Value for Money Strategy, which is aligned to the regulators Value for Money Standard and associated Code of Practice and the Sector Scorecard.

A key part of delivering our services as efficiently as possible is understanding the costs and main drivers, setting targets for key financial measures and understanding how our costs compare to our peers. We continue to use the "Sector Scorecard" to measure and monitor our progress across the agreed metrics and how these will be reported to our stakeholders.

The Sector Scorecard comprises a number of indicators; mostly taken from our financial accounts across 5 categories (Business health, Development, Outcomes delivered, Effective asset management and Operating efficiencies) and allows us to track our progress with delivering cashable savings and demonstrate how we are controlling costs whilst still delivering our core services and developing new homes.

During the year we completed 466 new units, which is broadly inline with our growth target as a Strategic Partner. The impacts of resources on the construction industry working practices and supply chain has continued to cause a minor delay across our programme. At the year-end we had 1,103 new homes on site which will be delivered in future years and allow us to remain on track with our strategic partnerships and delivery aspirations. Now in the fifth year of the Strategic Partnership with Homes England, the full grant allocation of £43m has been drawn down with all properties now either completed or on site. We are in the second year of phase 2 of the partnership, being awarded grant of £88m to complete 1,750 new properties over the next 5 years with £8.5m having been drawdown in year.

Value for Money is central to the delivery of the strategic objectives of the Association and in the current operating environment there is increasing pressure to reduce costs and provide cost effective services. Delivery of the efficiency savings plan is a key priority for the Association, and we continue to challenge processes and working practices in order that we can continue to deliver high quality services with fewer resources. We have undertaken an external review of key services alongside on going internal action planning to ensure we achieve Value for Money in all aspects of our undertakings.

EMH HOUSING AND REGENERATION LIMITED

REPORT OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2023

Going Concern

The Group prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in June 2023 by the Board. As well as considering the impact of a number of scenarios on the business plan the 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 corporate risk map forms the basis of the annual stress-tests undertaken with any mitigating actions identified in the Recovery plan.

The board, after reviewing the group and company budgets for 2023-24 and the group's medium-term financial position as detailed in the 30-year business plan including changes arising from possible risks, 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 Board have considered:

- The property market – budget and business plan scenarios have taken account of delays in handovers, lower numbers of property sales, reductions in sales values and potential conversion of market sale to social homes;
- The potential increase in the cost of new developments due to delays and shortages of materials;
- Maintenance costs – budget and business plan scenarios have been modelled to take account of cost increases and delays in maintenance expenditure, with major works being phased into future years. Additional costs have also been included to improve energy efficiency, reduce carbon emissions and improve fire safety.
- Rent and service charge receivable – arrears and bad debts have been increased to allow for customer difficulties in making payments and budget and business plan scenarios to take account of potential future reductions in rents;
- Liquidity – current available cash and unutilised loan facilities of £190m which gives significant headroom for committed spend and other forecast cash flows that arise;
- The group's ability to withstand other adverse scenarios such as higher interest rates and number of void properties.

The board believe the group and company has 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 Group and Association 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.

Internal Controls

The Group Board is the ultimate governing body for the emh group and is committed to the highest standards of business ethics and conduct across all the operating businesses. The Group has a robust culture of internal controls. The Group's risk management and control culture is further supported by the adoption of the National Housing Federation's Code of Governance.

The Group Board has overall responsibility for the system of internal control and risk management across the group and for reviewing its effectiveness. The Board confirms that it has an approved fraud policy. The policy covers prevention, detection and reporting of fraud. Details of identified frauds are maintained in the fraud register which is reviewed annually by the Audit Committee on behalf of the Board. The Group has also appointed a Money Laundering Reporting Officer as part of its compliance with anti-money laundering legislation.

The Group Chief Executive and Directors have reviewed the effectiveness of the internal control and assurance arrangements and have confirmed to the Board that they all relevant regulations, policies and procedures have been complied with during the year. The Group Audit Committee has also expressed its satisfaction with these arrangements in its review of the effectiveness of internal control systems.

EMH HOUSING AND REGENERATION LIMITED REPORT OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2023

Statement of Board's Responsibilities in Respect of the Board's Report and the Financial Statements

The Board is responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society law requires the Board to prepare financial statements for each financial year. Under those regulations the Board have elected to prepare the financial statements in accordance with UK Accounting Standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

The financial statements are required by law to give a true and fair view of the state of affairs of the association and of its income and expenditure for that period.

In preparing these financial statements, the Board is 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 and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the association'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 it either intends to liquidate the association or to cease operations or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

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

Statement of Compliance

The Association is committed to ensuring that we comply with our legal and regulatory responsibilities, including the Modern Slavery Act 2015 to ensure that slavery and human trafficking does not exist in any part of our business or supply chain. The Association's statement on modern slavery 2017 will be made available on our group website www.emhgroup.org.uk.

The Association adheres to the regulators Governance and Financial Viability Standard and its associated code of practice that includes adhering to all relevant law and having a thorough, accurate and up to date record of our assets and liabilities. The Association retains a high rating for Governance and Financial Viability from our regulator, The Regulator of Social Housing.

On 25th May 2019, the EU General Data Protection Regulations (GDPR) and following this the Data Protection Act 2018 came into effect to strengthen and standardise data protection laws in the UK. We have a dedicated Data Protection Officer who has supported the organisation to ensure that the new requirements are embedded across all of our business areas, from a legislative, policy and operational perspective. As of 31st March 2023, the Association was compliant with GDPR and the Data Protection Act 2018.

EMH HOUSING AND REGENERATION LIMITED
REPORT OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2023

Statement of Compliance (continued)

emh group's governance arrangements have been mapped against the RSH Governance and Financial Viability Standard, and the NHF 2020 Code of Governance for the year ended 31 March 2023. Full compliance with the NHF Code of Governance has been confirmed. Full compliance with the RSH Governance and Financial Viability Standard has been confirmed.

Disclosure of information to auditor

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

T J Brown

[T J Brown \(Sep 7, 2023 12:57 GMT+1\)](#)

TIM BROWN

Chair – EMH Homes

28 July 2023

EMH HOUSING AND REGENERATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMH HOUSING AND
REGENERATION LIMITED

FOR THE YEAR ENDED 31 MARCH 2023

Opinion

We have audited the financial statements of EMH Housing and Regeneration Limited (“the Association”) for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of Cashflows and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland, of the state of the Association’s affairs as at 31 March 2023 and of the income and expenditure of the Association for the year then ended; and
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

Basis for opinion

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

Going concern

The association’s board has prepared the financial statements on the going concern basis as they do not intend to liquidate the association or to cease its operations, and as they have concluded that the association’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 Board’s conclusions, we considered the inherent risks to the association’s business model and analysed how those risks might affect the association’s financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Board’s 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 Board’s assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the association’s ability to continue as a going concern for the going concern period.

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

EMH HOUSING AND REGENERATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMH HOUSING AND
REGENERATION LIMITED

FOR THE YEAR ENDED 31 MARCH 2023

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 the Board and the audit committee as to the Association’s high-level policies and procedures to prevent and detect fraud, and the Association’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and audit committee minutes.
- Using analytical procedures to identify any unusual 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, 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 majority of revenue streams are routine transactions with non-complex recognition criteria.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the association-wide fraud risk management controls.

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included journals posted to unusual account combinations, journals posted to seldom used accounts and unexpected expenditure journals at posted close to period end.

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 management (as required by auditing standards), and discussed with management the policies and procedures regarding compliance with laws and regulations.

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

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

EMH HOUSING AND REGENERATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMH HOUSING AND
REGENERATION LIMITED

FOR THE YEAR ENDED 31 MARCH 2023

Fraud and breaches of laws and regulations – ability to detect (continued)

Firstly, the association is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related Co-operative and Community Benefit Societies Act legislation) and requirements imposed by the Regulator for Social Housing and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

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

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

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

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

Other information

Other information

The Association's Board are responsible for the other information, which comprises the Report of the Board. Our opinion on the financial statements does not cover that report and we do not express an audit opinion thereon.

Our responsibility is to read the other information 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 report of the board;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Co-operative and Community Benefit Societies Act 2014.

EMH HOUSING AND REGENERATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMH HOUSING AND
REGENERATION LIMITED

FOR THE YEAR ENDED 31 MARCH 2023

Matters on which we are required to report by exception

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

- the Association has not kept proper books of account; or
- the Association has not maintained a satisfactory system of control over its transactions; or
- the financial statements are not in agreement with the Association's books of account; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in these respects.

Board's responsibilities

As explained more fully in their statement set out on page 12, the Association's Board are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Association'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 Association 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.

EMH HOUSING AND REGENERATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMH HOUSING AND
REGENERATION LIMITED

FOR THE YEAR ENDED 31 MARCH 2023

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

This report is made solely to the association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association those matters we are required to state to it 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 association for our audit work, for this report, or for the opinions we have formed.



Victoria Sewell
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
Suite 23
BLOCK
Royal William Yard
Plymouth
PL1 3RP

15 September 2023

EMH HOUSING AND REGENERATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £'000	2022 £'000
Turnover	3	111,481	104,240
Operating costs	3	(84,280)	(76,086)
Gain on disposal of tangible fixed assets	8	5,203	5,014
Operating surplus	3	32,404	33,168
Interest receivable and similar income	9	197	61
Interest payable and similar charges	10	(24,962)	(20,666)
Finance income and costs	11	(162)	(303)
Gift aid received		400	755
Surplus before tax		7,877	13,015
Tax on surplus on ordinary activities	12	21	-
Surplus for the year	5	7,898	13,015
Other comprehensive income			
Remeasurement of Local Government Pension Scheme	26	3,212	5,040
Remeasurement of Social Housing Pension Scheme	26	(832)	2,597
Total comprehensive income for the year		10,278	20,652

Turnover is derived from continuing activities.

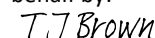
EMH HOUSING AND REGENERATION LIMITED

STATEMENT OF FINANCIAL POSITION


AS AT 31 MARCH 2023

	Note	2023 £'000	2022 £'000
Tangible fixed assets			
Housing properties	13	954,095	887,038
Other tangible fixed assets	13	9,801	10,424
Investments	14	1,039	1,331
HomeBuy loan receivable		5,057	5,194
Net book value tangible fixed assets		969,992	903,987
Current assets			
Properties for sale and work in progress	15	19,471	15,366
Trade and other debtors	17	7,214	6,592
Investments	18	3,490	18,415
Cash and cash equivalents		31,190	33,689
Total current assets		61,365	74,062
Creditors: amounts falling due within one year	19	(44,817)	(42,744)
Net current assets		16,548	31,318
Creditors: amounts falling due after one year	20	(798,021)	(754,025)
Provision for liabilities			
Other provisions	25	(189)	(342)
Pension liability	26	(4,064)	(6,950)
Net assets		184,266	173,988
Capital and reserves			
Called up share capital	27	-	-
Sinking fund		-	-
Revenue reserves		184,266	173,988
Total funds		184,266	173,988

These financial statements were approved by the board of directors on 28 July 2023 and were signed on its behalf by:


T J Brown (Sep 7, 2023 12:57 GMT+1)
Tim Brown

Chairman


Gail Puttock (Sep 11, 2023 09:23 GMT+1)
Gail Puttock

Board
Member


J.Tilley (Sep 11, 2023 09:26 GMT+1)
Joanne Tilley

Secretary

EMH HOUSING AND REGENERATION LIMITED
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

	Called up share capital £'000	Revenue reserve £'000	Sinking fund £'000	Total equity £'000
Balance at 1 April 2022	-	173,988	-	173,988
Total comprehensive income for the period				
Surplus for the year	-	7,898	-	7,898
Remeasurement of Pension Schemes	-	2,380	-	2,380
Balance at 31 March 2023	-	184,266	-	184,266
Balance at 1 April 2021	-	152,008	1,328	153,336
Total comprehensive income for the period				
Surplus for the year	-	13,015	-	13,015
Transfer	-	1,328	(1,328)	-
Remeasurement of Pension Schemes	-	7,637	-	7,637
Balance at 31 March 2022	-	173,988	-	173,988

EMH HOUSING AND REGENERATION LIMITED
CASHFLOW STATEMENT

FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 £'000	2022 £'000
Cashflows from operating activities			
Operating surplus for the year	3	32,404	33,168
<i>Adjustments for non-cash items:</i>			
Depreciation of tangible fixed assets	13	17,690	16,208
Loan amortisation charges		945	436
Deferred government grants	24	(2,540)	(2,424)
Pensions costs less contributions payable	26	(852)	(676)
Corporation Tax	12	21	-
Net book value sales of tangible fixed assets	8	20,892	14,627
(Increase) in stock		(4,104)	(465)
(Increase)/decrease in trade & other debtors		(619)	8,581
Increase in trade and other creditors		1,385	4,161
(Decrease) in provisions and employee benefits		(152)	(116)
Net cash from operating activities		65,070	73,500
Cashflows from investing activities			
Interest received		194	63
Gift aid received		400	755
Acquisition of tangible fixed assets		(99,416)	(75,054)
Proceeds from receipt of government grants		10,745	6,380
Capitalised development expenditure		(2,592)	(2,530)
Disposal of investment securities		292	124
Disposal of short term investments		14,925	40,169
Net cash from investing activities		(75,452)	(30,093)
Cashflow from financing activities			
Proceeds from new loans		105,089	(132)
Interest paid		(27,996)	(23,529)
Repayment of borrowings		(69,210)	(8,669)
Net cash from financing activities		7,883	(32,330)
Net change in cash and cash equivalents		(2,499)	11,077
Cash and cash equivalents at start of period		33,689	22,612
Cash and cash equivalents at end of period		31,190	33,689

EMH HOUSING AND REGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 LEGAL STATUS

emh homes is the trading name of EMH Housing and Regeneration Limited. The Association is incorporated under the Co-operative and Community Benefit Society Act 2014. The company registration number is IP032198. It is registered with The Regulator of Social Housing (registration number 4775). Its principal place of business is Jubilee House, Stenson Road, Whitwick Business Park, Coalville and it is a Public Benefit Entity.

2 PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

The financial statements of the association are prepared in accordance with Financial Reporting Standard 102 - the applicable financial reporting standard in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers Update 2018 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

The presentation currency of these financial statements is sterling. All amounts have been rounded to the nearest £1,000.

The Company's ultimate parent undertaking, East Midlands Housing Group Limited includes the company in its consolidated financial statements. The consolidated financial statements of East Midlands Housing Group are available to the public and may be obtained at www.emhgroup.org. In these financial statements, the company is considered to be a qualifying entity and has applied the exemptions available under FRS 102 in respect of the following disclosures:

Reconciliation of the number of shares outstanding from the beginning to the end of the period;
Key Management Personnel compensation;
Strategic Report; and
Related Parties note.

As the consolidated financial statements of East Midlands Housing Group include the equivalent disclosures, the Association has also taken the exemptions under FRS 102 available in respect of the disclosures required by FRS 102.11 Basic Financial Instruments and FRS 102.12 Other Financial Instruments, in respect of financial instruments not falling within the fair value accounting rules of paragraph 36(4) of Schedule 1.

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

Judgements made by the directors, in the application of these accounting policies that have significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed later in this note.

Measurement convention

The financial statements are prepared on an historical cost basis.

EMH HOUSING AND REGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Going concern

The Group prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in June 2023 by the Board. As well as considering the impact of a number of scenarios on the business plan the 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 board, after reviewing the group and company budgets for 2023/24 and the group's medium 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 Board have considered:

- the property market – budget and business plan scenarios have taken account of delays in handovers, lower numbers of property sales, reductions in sales values and potential conversion of market sale to social homes;
- Maintenance costs – budget and business plan scenarios have been modelled to take account of cost increases and delays in maintenance expenditure, with major works being phased into future years;
- Rent and service charge receivable – arrears and bad debts have been increased to allow for customer difficulties in making payments and budget and business plan scenarios to take account of potential future reductions in rents;
- Liquidity – current available cash, unutilised loan facilities of £80m and retained bonds of £50m which gives significant headroom for committed spend and other forecast cash flows that arise;
- The group's ability to withstand other adverse scenarios such as higher interest rates and number of void properties.

The board believe the group and company has 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 Group and Association 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.

EMH HOUSING AND REGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Classification of financial instruments by the Association

In accordance with FRS102.22, financial instruments issued by the Association are treated as equity only to the extent that they meet the following two conditions:

- a) they include no contractual obligations upon the Association to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Association; and
- b) where the instrument will or may be settled in the Association's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Association's own equity instruments or is a derivative that will be settled by the Association's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

Basic financial instruments

Tenant arrears, trade and other debtors

Tenants arrears, trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised costs using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Trade and other creditors

Trade and other creditors are recognised initially at transaction price plus attributable costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

EMH HOUSING AND REGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Housing properties

Costs include the cost of acquiring land and buildings, directly attributable development costs, interest at the average cost of borrowing for the development period and expenditure incurred in respect of improvements which comprise the modernisation and extension of existing properties.

Depreciation

Depreciation is charged to the statement of comprehensive income on a straight-line basis over the estimated useful lives of each component part of housing properties. Land is not depreciated. The estimated useful lives are as follows:-

	years
Structure	80 - 125
Boilers	15 years
Kitchens	20 years
Windows and doors	30 years
Roofs	50 years
Bathrooms	30 years
Other components	30 years

Leasehold properties are depreciated over the useful lives above or the length of the lease, whichever is shorter.

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant changes since the last annual reporting date in the pattern by which the Association expects to consume an asset's future economic benefits.

Non component works to existing properties

The amount of expenditure incurred, which relates to an improvement, which is defined as an increase in the net rental stream or the life of a property, has been capitalised. Expenditure incurred on other major repairs, cyclical and day-today repairs to housing properties is charged to the statement of comprehensive income in the period in which it is incurred.

Interest capitalised

Interest on borrowings is capitalised to housing properties during the course of construction up to the date of completion of each scheme. The interest capitalised is either on borrowing specifically taken to finance a scheme or on net borrowings to the extent that they are deemed to be financing a scheme. This treatment applies irrespective of the original purpose for which the loan was raised.

Other tangible fixed assets

Other tangible fixed assets include those assets with an individual value in excess of £1,000.

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Office furniture and equipment	10%-33%
Motor vehicles	25%
Computer equipment	25%
Improvements to occupied premises	10%
Office premises	2%

EMH HOUSING AND REGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Social housing grant

Social housing grant is initially recognised at fair value as a long-term liability, specifically as deferred grant income and released through the statement of comprehensive income as income over the life of the structure of housing properties in accordance with the accrual method applicable to social landlords accounting for housing properties at cost. On disposal of properties, all associated social housing grant is transferred to the Recycled Capital Grant Fund (RCGF) until the grant is recycled or repaid to reflect the existing obligation under the social housing grant funding regime.

HomeBuy

Under the HomeBuy scheme, the Association receives HomeBuy grant representing a percentage of the open market purchase price of a property in order to advance interest free loans to a homebuyer. The loans advanced by the Association meet the definition of concessionary loans and are shown as fixed assets investments on the statement of financial position. The HomeBuy grant provided by the government to fund all or part of a HomeBuy loan has been classified as deferred income under FRS 102 as a creditor due in more than one year.

In the event that the property is sold, the Association recovers the equivalent loaned percentage value of the property at the time of the sale. The grant is reclassified to RCGF when the loans are redeemed up to the amount of the original grant and to the extent the proceeds permit. The Association is able to retain any surplus proceeds less sale costs attributable to the equivalent loaned percentage share of the value of the property. If there is a fall in value of the property the shortfall in proceeds is offset against the grant.

Properties held for sale and work in progress

Completed properties and properties under construction for open market sales are recognised at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Interest incurred is also capitalised during the course of obtaining planning and throughout the work in progress up to the point of practical completion of the development scheme. Assessing net realisable value requires use of estimation techniques. In making this assessment, management considers publicly available information and internal forecasts on future sales activity. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal.

Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through statement of comprehensive income is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Impairment excluding stocks and deferred tax assets (continued)

Financial assets (including trade and other debtors)

(continued)

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Association would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in surplus. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through surplus.

Fixed Assets

The Association's internal controls are designed to identify where the value of property, plant and equipment and work in progress as held on the Statement of Financial Position is more than the lower of cost or net realisable value. Where there is evidence of impairment, fixed assets are written down to the recoverable amount, this is likely to be the value in use of the asset based on its service potential. Where an asset is currently deemed not to be providing service potential to the association, its recoverable amount is its fair value less costs to sell. The resulting impairment loss is recognized as expenditure in the statement of comprehensive income.

Employee benefits

Defined benefit plans

A defined benefit plan is a post-employment plan other than a defined contribution plan. The Association's net obligation in respect of defined benefit plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. The fair value of any plans assets is deducted. The Association determines the net interest expense on the net defined benefit liability for the period by applying the discount rate as determined at the beginning of the annual period to the net defined benefit liability taking account of changes arising as a result of contributions and benefit payments.

The discount rate is the yield at the balance sheet date on AA credit rated bonds denominated in the currency of, and having maturity dated approximating to the terms of the Association's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The Association recognises net defined benefit plan assets to the extent that it is able to recover the surplus either through reduced contributions in the future or through refunds from the plan.

Changes in the net defined benefit liability arising from employee service rendered during the period, net interest on net defined liability, and the cost of plan introductions, benefit changes, curtailments and settlements during the period are recognised in the statement of comprehensive income.

Remeasurement of the net defined benefit liability is recognised in other comprehensive income.

EMH HOUSING AND REGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Employee benefits (continued)

The Association participates in 3 defined benefit plans as set out below:-

- The Pensions Trust Social Housing Pension Scheme
- Leicestershire County Council Pension Fund
- Derbyshire County Council Pension Scheme

The Pensions Trust Social Housing Pension Scheme

The company participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

Leicestershire County Council Pension Fund

The pension schemes assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high-quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating costs, finance items and other comprehensive income.

Derbyshire County Council Pension Scheme

The pension schemes assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating costs, finance items and other comprehensive income.

Termination benefits

Termination benefits are recognised when the Association is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to either terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy. Termination benefits for voluntary redundancies are recognised as an expense if the company has made an offer of voluntary redundancy, it is probable that the offer will be accepted, and the number of acceptances can be estimated reliably. If benefits are payable more than 12 months after the reporting date, then they are discounted to their present value.

EMH HOUSING AND REGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Provisions

A provision is recognised in the statement of financial position when the Company has a present legal or constructive obligation as a result of a past event, that can be reliably measured and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are recognised at the best estimate of the amount required to settle the obligation at the reporting date.

The Company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary costs for the period of absence.

Taxation

Tax on the surplus or deficit for the year comprises current tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustments to tax payable in respect of previous years.

Turnover

Turnover represents rental and service charge income receivable (net of void losses), fees receivable, proceeds from first tranche sales of low-cost home ownership and from properties developed for open market sales, and amortisation of Social Housing Grant (SHG) under the accrual model. Rental income is recognised on the execution of tenancy agreements. Proceeds on sale are recognised on practical completions. Other income is recognised as receivable on the delivery of the services provided.

Expenses

Operating Costs

Operating costs represent the costs and overheads associated with delivering the services rendered.

Operating leases

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

EMH HOUSING AND REGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Expenses (continued)

Interest receivable and Interest payable

Interest payable and similar charges include interest payable and unwinding of the discount on provisions. Borrowing costs that are directly attributable to the acquisition, construction or production of Housing Properties that take a substantial time to be prepared for use, are capitalised as part of the cost of that asset.

Interest receivable and similar income includes interest receivable on funds invested.

Interest income and interest payable are recognised in the statement of comprehensive income as they accrue.

Key Judgements, Estimates and Assumptions

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the financial reporting date and the amounts reported for revenues and expenses during the year. However, the nature of estimation means that actual outcomes could differ from those estimates. The following judgements have had the most significant effect on the amounts recognised in the financial statements;

The recoverability of rent arrears and trade debtors

The estimate for rent arrears and trade debtors relates to the recoverability of the outstanding balances at the reporting date. For rental arrears experience shows that the longer a debt is outstanding the greater the likelihood that the debt will not be recovered in full. Based on this a provision for bad and doubtful arrears debts is estimated based on 50% of the value of current tenant arrears and 100% of former tenant arrears. Trade Debtors are reviewed on an individual balance basis and a provision created for bad and doubtful debts based on the on the age and likely recoverability of the debt.

Impairment of property values

Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the Statement of Comprehensive Income. Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of its net realisable value or its value in use. A cash generating unit is normally a group of properties at a scheme level whose cash income can be separately identified.

Factors taken into consideration in reaching the decision as to whether there are indicators of impairment of housing properties are;

- The development programme
- Government policy, regulation or legislation
- Demand
- Market Value
- Obsolescence

No triggers for impairment have been identified

EMH HOUSING AND REGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Key Judgements, Estimates and Assumptions (continued)

Value of schemes in development

The Association capitalises development expenditure in accordance with the accounting policy earlier in this note. Initial capitalisation is based on management's judgement that the development scheme is confirmed, usually when board approval has taken place. In determining if an approved scheme is likely to cease, management monitors the development programme and considers if changes have occurred that result in an impairment.

Recoverability of Stock

Stock valuations are compared against market recoverability on a scheme-by-scheme basis. Where market valuations suggest that full recoverability is not viable and a loss on sale may be generated then the stock valuation is impaired to reflect this. Stock is therefore held at the lower of cost or net realisable value.

Defined benefit pensions liabilities

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plan, such estimates are subject to significant uncertainty. Further details are given in Note 26.

EMH HOUSING AND REGENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

	Operating costs / Cost of Sales 2023 £'000		Operating costs / Cost of Sales 2022 £'000	
	Turnover	Operating surplus/deficit	Turnover	Operating surplus/deficit
3 SOCIAL HOUSING				
Social housing lettings				
General needs	64,337	(48,524)	60,643	(43,878)
Supported housing and housing for older people	24,010	(20,574)	22,194	(17,325)
Low cost home ownership	6,874	(3,420)	6,092	(2,487)
	95,221	(72,518)	88,929	(63,690)
Other social housing activities				
Support activities	137	(670)	156	(450)
Sales of current asset properties	13,051	(10,476)	12,887	(11,317)
Other	2,607	(61)	1,884	(67)
	15,795	(11,207)	14,927	(11,834)
Total social housing	111,016	(83,725)	103,856	(75,524)
Non-social housing activities	394	(505)	311	(564)
Non housing activities	71	(50)	73	2
Total	111,481	(84,280)	104,240	(76,086)
Gain on disposal of tangible fixed assets		5,203		5,014
Operating surplus		32,404		33,168

EMH HOUSING AND REGENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
 FOR THE YEAR ENDED 31 MARCH 2023

	General Needs	Supported housing and housing for older people £'000	Low cost home ownership	2023 Total £'000	2022 Total £'000
3 SOCIAL HOUSING					
Rent receivable net of identifiable service charges	59,996	17,971	6,021	83,988	78,640
Service charges receivable	2,585	5,600	515	8,700	7,759
Net rents receivable	62,581	23,571	6,536	92,688	86,399
Amortised government grant	1,756	439	338	2,533	2,424
Other	-	-	-	-	106
Total income from lettings	64,337	24,010	6,874	95,221	88,929
Expenditure on lettings activities:					
Management	16,916	5,065	1,646	23,627	20,051
Services	3,329	5,524	586	9,439	8,614
Routine maintenance	13,546	5,525	156	19,227	17,164
Planned maintenance	2,344	838	(34)	3,148	2,093
Major repairs expenditure	17	-	-	17	7
Bad debts	259	224	33	516	359
Depreciation of housing properties	12,100	3,398	1,033	16,531	15,366
Other costs	13	-	-	13	36
Total expenditure on lettings	48,524	20,574	3,420	72,518	63,690
Operating surplus on lettings	15,813	3,436	3,454	22,703	25,239
Void losses	419	878	1	1,298	1,334

EMH HOUSING AND REGENERATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	Number	Number
4 HOUSING STOCK		
Social housing accommodation		
General needs rented	9,802	9,734
Affordable rented	2,226	2,051
Supported housing & housing for older people	4,269	4,269
Low cost home ownership	2,104	1,964
Managed on behalf of other landlords	15	15
Total social housing managed	18,416	18,033
Non-social housing managed		
Leaseholders	634	552
Freehold	244	344
Commercial	28	28
Total non-social housing managed	906	924
Total housing stock	19,322	18,957
Garages and other non-habitable units	935	935
Total units managed	20,257	19,892
Housing units in development pipeline	1,103	1,139

At 31 March 2023 the Association owned 599 units (2022: 599) which are managed by agents.

	2023	2022
	£'000	£'000
5 EXPENSES AND AUDITOR'S REMUNERATION		
<u>Included in surplus are the following:</u>		
Depreciation of housing properties	16,556	15,389
Depreciation of other fixed assets	1,134	819
Surplus of sale of fixed assets	5,203	5,014
Operating lease payments		
Motor vehicles	359	93
Land and buildings	211	157
Auditor's remuneration:		
Audit of these financial statements	33	30
Other services	25	23

EMH HOUSING AND REGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	Number	Number
6 STAFF NUMBERS AND COSTS		
The average number of persons employed by the Association (including Directors) during the year, analysed by category, was as follows:		
Office staff	203	184
Wardens and caretakers	29	32
Operatives	165	176
	397	392

	2023	2022
	£'000	£'000
Staff costs for the above persons:		
Wages and salaries	12,480	11,165
Social security costs	1,301	1,093
Pension costs	1,301	1,352
Termination benefits	140	22
	15,222	13,632

7 BOARD MEMBERS AND EXECUTIVE DIRECTORS

Remuneration of £9k and expenses of £Nil were paid by the Association to the Board of Directors during the year (2022: Remuneration of £9k and expenses of £Nil). The Executive Director is employed by the parent company; East Midlands Housing Group Limited.

Details of Group Board Members pay is disclosed within the consolidated accounts of the parent company, East Midlands Housing Group Limited. The consolidated financial statements of East Midlands Housing Group are available at www.emhgroup.org.

Salary bandings for all employees earning over £60,000 (including salary, pension contribution, benefits in kind and termination payments):

	2023	2022
	Number	Number
Bands		
£60,001 to £70,000	4	2
£70,001 to £80,000	4	6
£90,001 to £100,000	-	1
£101,001 to £110,000	1	1

EMH HOUSING AND REGENERATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	£'000	£'000
8 SURPLUS ON DISPOSAL OF FIXED ASSETS		
Disposal proceeds	11,116	8,703
Grant abated	1,252	46
Cost of disposals	(7,165)	(3,735)
	5,203	5,014

9 INTEREST RECEIVABLE AND SIMILAR INCOME

Interest receivable from unlisted investments	197	61
---	-----	----

10 INTEREST PAYABLE AND SIMILAR CHARGES

On bank loans, overdrafts and other loans	28,605	23,445
On pension scheme liabilities	-	(3)
Less capitalised interest	(3,643)	(2,776)
	24,962	20,666

The interest payable above includes a cost of £538k (2022: £327k credit) in respect of FRS102 Basic Financial Instruments amortised cost valuation method.

11 FINANCING INCOME AND COSTS

Expected return on pension scheme assets	2,002	1,417
Interest on pension scheme liabilities	(2,164)	(1,720)
Net financing (costs)	(162)	(303)

12 TAXATION

Total tax expense recognised in the statement of comprehensive income and equity.		
Current tax on income for the period	-	-
Adjustments in respect of prior period	(21)	-
Total current tax	(21)	-

Reconciliation of effective rate

Surplus before taxation	7,877	13,015
Total tax expense	(21)	-
Tax using the UK corporation tax rate of 19% (2022: 19%)	1,497	2,473
Charitable exemption	(1,604)	(2,473)
Group relief	107	54
Corporate interest relief	-	(54)
Total tax expense included in the surplus	-	-

EMH HOUSING AND REGENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

13 TANGIBLE FIXED ASSETS

	-----Housing properties-----				-----Other tangible fixed assets----- Fixtures, Fittings and Equipment					Total other fixed assets	Total fixed assets
	Under construction	Social housing letting	Low cost home ownership	Non-social housing properties	Total housing properties	Freshhold Offices £'000's	Leasehold Office	Fittings and Equipment	Plant and Vehicles		
Cost											
1 April 2022	53,586	862,790	123,598	2,157	1,042,131	9,524	316	8,704	348	18,892	1,061,023
Additions	89,880	-	-	-	89,880	50	-	595	-	645	90,525
Replacement components	(287)	14,777	-	-	14,490	-	-	-	-	-	14,490
Schemes completed in the year	(67,113)	50,146	16,967	-	-	-	-	-	-	-	-
Transfer of sale properties to stock	(13,954)	-	-	-	(13,954)	-	-	-	-	-	(13,954)
Disposals	(3,258)	(5,743)	(2,009)	-	(11,010)	(109)	(237)	(1)	-	(347)	(11,357)
31 March 2023	58,854	921,970	138,556	2,157	1,127,537	9,465	79	9,298	348	19,190	1,140,727
Accumulated depreciation											
1 April 2022	-	143,461	8,340	483	152,284	3,014	187	4,952	315	8,468	160,752
Provision in the year	-	15,614	925	17	16,556	357	9	738	30	1,134	17,690
Eliminated on disposal	-	(4,064)	(143)	-	(4,207)	(95)	(117)	(1)	-	(213)	(4,420)
31 March 2023	-	155,011	9,122	500	164,633	3,276	79	5,689	345	9,389	174,022
Impairment											
1 April 2022	-	1,379	1,430	-	2,809	-	-	-	-	-	2,809
31 March 2023	-	1,379	1,430	-	2,809	-	-	-	-	-	2,809
Net book value											
31 March 2023	58,854	765,580	128,004	1,657	954,095	6,189	-	3,609	3	9,801	963,896
31 March 2022	53,586	717,950	113,828	1,674	887,038	6,510	129	3,752	33	10,424	897,462

EMH HOUSING AND REGENERATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	£'000	£'000
13 TANGIBLE FIXED ASSETS (CONTINUED)		
<hr/>		
The net book value of housing properties comprises		
Freehold	932,261	865,952
Long leasehold	21,834	21,086
	<hr/>	<hr/>
	954,095	887,038

Additions to housing properties includes:

Capitalised interest	3,643	2,776
(at the Group average borrowing rate)	4.78%	4.45%
Direct administration costs	2,592	2,530

There were no other fixed assets held under finance lease at the year-end (2022: £nil).

14 FIXED ASSET INVESTMENTS

At 1 April	1,331	1,455
Transfer in year	(292)	(124)
At 31 March	<hr/>	<hr/>
	1,039	1,331

The investment is a condition of a loan with THFC where not less than 12 months interest is held in an Interest Service Reserve Fund. The amount is invested by THFC in a UK Treasury 4.75% Gilt due in 2038 with a nominal value of £933k.

15 PROPERTIES FOR SALE AND WORK IN PROGRESS

Schemes developed for shared ownership sale	11,026	5,162
Schemes in development	8,445	10,204
	<hr/>	<hr/>
	19,471	15,366

EMH HOUSING AND REGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

16 IMPAIRMENT OF HOUSING & STOCK

Housing Assets

During the year emh homes carried out a desktop review of its property portfolio and identified no triggers for impairment.

Stock

During the year emh homes also carried out a review of properties held as stock for sale. This identified no properties where the market value was below the value of the stock.

	2023	2022
	£'000	£'000
17 TRADE AND OTHER DEBTORS		
Current tenant arrears	3,689	3,487
Less provision for bad and doubtful debts	(2,015)	(1,992)
Former tenant arrears	1,156	1,245
Less provision for bad and doubtful debts	(1,156)	(1,245)
Trade debtors	340	245
Less provision for trade debtors	(41)	(3)
Prepayments and accrued income	1,739	1,333
Other debtors	4	3
Amounts owed by group undertakings	3,498	3,519
Total debtors	7,214	6,592
Due within one year	7,214	6,592
18 CURRENT ASSET INVESTMENTS		
Bank deposits	3,490	18,415

EMH HOUSING AND REGENERATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	£'000	£'000
19 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Loans and overdrafts (see note 21)	21,930	20,935
Trade creditors	7,321	5,828
Rent received in advance	4,740	3,614
Accruals and deferred income	7,344	7,257
Other creditors	381	198
Pension deficit contributions	34	-
Amounts due to group undertakings	3,067	4,912
	44,817	42,744

20 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR		
Loans and overdrafts (see note 21)	508,608	472,241
Deferred government grants (see note 24)	275,055	268,087
HomeBuy grant payable	5,057	5,193
Recycled capital grant fund (see note 23)	9,300	8,503
Pension deficit contributions	1	1
	798,021	754,025

21 LOANS		
Bank loans	121,571	129,214
The Housing Finance Corporation	26,175	26,247
MOR Homes loan	37,500	37,500
Pension Insurance Corporation PLC loan	100,000	100,000
Bond finance from emh treasury PLC	245,292	200,215
	530,538	493,176

All loans are secured by fixed charges on individual properties.

Loans are repayable at varying rates of interest in instalments due as follows:

In one year or less	21,930	20,935
Between one and two years	5,620	8,139
Between two and five years	92,971	37,377
In more than five years	410,017	426,725
	530,538	493,176

The loan valuations above include an increase of £923k (2022: £385k) in respect of FRS102 Basic Financial Instruments amortised cost valuation method.

EMH HOUSING AND REGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	At 1 April 2022 £'000	Cash flows £'000	Other non-cash changes £'000	At 31 March 2023 £'000
22 ANALYSIS OF CHANGES IN NET DEBT				
Cash and cash equivalents	33,689	(2,499)	-	31,190
<u>Borrowings</u>				
Debt due within one year	(20,935)	20,935	(21,930)	(21,930)
Debt due after one year	(472,241)	(58,297)	21,930	(508,608)
	(493,176)	(37,362)	-	(530,538)
Total Net Debt	(459,487)	(39,861)	-	(499,348)

23 RECYCLED CAPITAL GRANT FUND

	Recycled capital grant fund £'000
At 1 April 2022	8,503
Utilised during the year	(637)
Interest credited to the fund	197
Transferred to fund during the year	1,237
At 31 March 2023	9,300

24 DEFERRED GOVERNMENT GRANTS

	Social housing grant £'000	Other government grant £'000	Total £'000
At 1 April 2022	253,384	14,703	268,087
Received in the year	11,081	483	11,564
Released to income in the year	(2,397)	(143)	(2,540)
Disposed in the year	(1,744)	(312)	(2,056)
At 31 March 2023	260,324	14,731	275,055

EMH HOUSING AND REGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

25 OTHER PROVISIONS

	Leave Pay £'000	Total £'000
At 1 April 2022	342	342
Provisions reversed during the year	(153)	(153)
At 31 March 2023	189	189

The leave pay provision represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.

26 EMPLOYEE BENEFITS

The company operates four defined benefit pension schemes.

Summary of the movement on pension scheme liabilities for the year ended 31 March 2023

	The Pensions Trust - SHPS	The Pensions Trust - Growth Plan	Leicestershire County Council	Derbyshire County Council
	£'000			
Net liability at 1 April 2022	4,157	1	-	2,793
Loss in the period charged to the profit & loss account	122	-	150	715
Loss/(surplus) in the period charged to other comprehensive income	832	-	(27)	(3,185)
Contribution paid	(1,047)	-	(123)	(323)
Net liability at 31 March 2023	4,064	1	-	-

The Pensions Trust - Social Housing Pension Scheme

The company participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK.

The Scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

The Scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

EMH HOUSING AND REGENERATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2023

26 EMPLOYEE BENEFITS (CONTINUED)**The Pensions Trust - Social Housing Pension Scheme (continued)**

For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2022. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2023 to 29 February 2024 inclusive.

The liabilities are compared, at the relevant accounting date, with the company's fair share of the Scheme's total assets to calculate the company's net deficit or surplus.

	2023	2022
	£'000	£'000
Present values of defined benefit obligation, fair value of assets and defined benefit asset/(liability)		
Fair value of plan assets	18,694	29,890
Present value of defined benefit obligation	(22,758)	(34,047)
Defined benefit (liability)/asset to be recognised	(4,064)	(4,157)
Reconciliation of opening and closing balances of the defined benefit obligation		
Defined benefit obligation at start of period	34,047	34,887
Expenses	21	20
Interest expense	938	759
Actuarial losses/(gains) due to scheme experience	(1,048)	2,106
Actuarial losses/(gains) due to changes in demographic assumptions	(49)	(511)
Actuarial losses/(gains) due to changes in financial assumptions	(10,350)	(2,750)
Benefits paid and expenses	(801)	(464)
Defined benefit obligation at end of period	22,758	34,047
Reconciliation of opening and closing balances of the fair value of plan assets		
Fair value of plan assets at start of period	29,890	27,511
Interest income	837	606
Experience on plan assets (excluding amounts included in interest income) - gain/(loss)	(12,279)	1,442
Contributions by the employer	1,047	795
Benefits paid and expenses	(801)	(464)
Fair value of plan assets at end of period	18,694	29,890

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2022 to 31 March 2023 was £11,442,000.

EMH HOUSING AND REGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

26 EMPLOYEE BENEFITS (CONTINUED)

The Pensions Trust - Social Housing Pension Scheme (continued)		
	2023	2022
	£'000	£'000
Defined benefit costs recognised in statement of comprehensive income (SoCI)		
Expenses	21	20
Net interest expense	101	153
Defined benefit costs recognised in statement of comprehensive income (SoCI)	122	173
Defined benefit costs recognised in other comprehensive income		
Experience on plan assets (excluding amounts included in net interest cost) - (loss)/gain	(12,279)	1,442
Experience gains and losses arising on the plan liabilities - gain/(loss)	1,048	(2,106)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - (loss)/gain	49	511
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - (loss)/gain	10,350	2,750
Total amount recognised in other comprehensive income - (loss)/gain	(832)	2,597
Assets		
Global Equity	349	5,736
Absolute Return	202	1,199
Distressed Opportunities	566	1,070
Credit Relative Value	706	993
Alternative Risk Premia	35	986
Emerging Markets Debt	100	870
Risk Sharing	1,376	984
Insurance-Linked Securities	472	697
Property	805	807
Infrastructure	2,135	2,129
Private Debt	832	766
Opportunistic Illiquid Credit	800	1,004
High Yield	65	258
Opportunistic Credit	1	106
Cash	135	102
Corporate Bond Fund	-	1,994
Long Lease Property	564	769
Secured Income	858	1,114
Liability Driven Investment	8,609	8,340
Currency Hedging	36	(117)
Net Current Assets	48	83
Total assets	18,694	29,890

EMH HOUSING AND REGENERATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

26 EMPLOYEE BENEFITS (CONTINUED)

The Pensions Trust - Social Housing Pension Scheme (continued)

None of the fair values of the assets shown above include any direct investments in the employer's own financial instruments or any property occupied by, or other assets used by, the employer.

Key Assumptions

	2023	2022
	% per	% per
	annum	annum
Discount Rate	4.85	2.79
Inflation (RPI)	3.18	3.54
Inflation (CPI)	2.78	3.17
Salary Growth	3.78	4.17
	75% of	75% of
	maximum	maximum
Allowance for commutation of pension for cash at retirement	allowance	allowance

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2023	21.0
Female retiring in 2023	23.4
Male retiring in 2043	22.2
Female retiring in 2043	24.9

We were notified in 2021 by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items, and this process is ongoing with it being unlikely to be resolved before the end of 2024 at the earliest. It is estimated that this could potentially increase the value of the full Scheme liabilities by £155m. We note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.

The Pensions Trust - The Growth Plan

The company participates in the scheme, a multi-employer scheme which provides benefits to some 638 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

The scheme is subject to the funding legislation outlined in the Pensions Act 2004 which came into force on 30 December 2005. This, together with documents issued by the Pensions Regulator and Technical Actuarial Standards issued by the Financial Reporting Council, set out the framework for funding defined benefit occupational pension schemes in the UK.

EMH HOUSING AND REGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

26 EMPLOYEE BENEFITS (CONTINUED)

The Pensions Trust - The Growth Plan (continued)

The scheme is classified as a 'last-man standing arrangement'. Therefore the company is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

	£3.312m per annum
From 1 April 2022 to 31 January 2025:	(payable monthly)

Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.55m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions

	£11.243 per annum
From 1 April 2019 to 30 September 2025:	(payable monthly and increasing by 3.0% each year on 1 April)

Where the scheme is in deficit and where the company has agreed to a deficit funding arrangement the company recognises a liability for this obligation. The amount recognised is the net present value of the deficit reduction contributions payable under the agreement that relates to the deficit. The present value is calculated using the discount rate detailed in these disclosures. The unwinding of the discount rate is recognised as a finance cost.

	2023	2022
	£'000	£'000
<u>Present Value of provision</u>		
Present value of provision at period end	1	1
<u>Reconciliation of opening and closing provisions</u>		
Provision at start of period	1	6
Deficit contribution paid	-	(2)
Remeasurement - amendments to the contribution schedule	-	(3)
Provision at the end of period	1	1

EMH HOUSING AND REGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

26 EMPLOYEE BENEFITS (CONTINUED)

The Pensions Trust - The Growth Plan (continued)

Income & Expenditure impact

Remeasurement - amendments to the contribution schedule	-	(3)
---	---	-----

Assumptions

Rate of discount per annum	5.52%	2.35%
----------------------------	-------	-------

The discount rates shown above are the equivalent single discount rates which, when used to discount the future recovery plan contributions due, would give the same results as using a full AA corporate bond yield to discount the same recovery plan contributions.

Local government pension schemes

The Association also participates in two Local Government Pension Scheme; administered by Leicestershire County Council and Derbyshire County Council. The Local Government Pension Schemes are defined benefit schemes and are contracted out of the state scheme.

	Leicestershire County Council		Derbyshire County Council	
	2023 £'000	2022 £'000	2023 £'000	2022 £'000
Fair value of employer assets	7,581	7,632	33,787	35,935
Present value of funded liabilities	(4,651)	(6,971)	(28,618)	(38,663)
Net underfunding in funded plans	2,930	661	5,169	(2,728)
Present value of unfunded liabilities	-	-	(54)	(65)
Restriction of pension fund surplus	(2,930)	(661)	(5,115)	-
Net liability	-	-	-	(2,793)

Both the Leicestershire County Council scheme and the Derbyshire County Council scheme are in a net asset position. As it is not expected that these net assets are recoverable, then they have been capped to nil. It is possible that these surplus's could be recognised in future accounting periods. The effects of this restriction are noted below.

Reconciliation of defined benefit obligations

Opening value of funded liabilities	6,971	7,274	38,663	40,892
Opening value of unfunded liabilities	-	-	65	69
Current service cost	168	199	573	635
Past Service cost (including curtailments)	-	-	63	-
Interest cost on obligations	189	147	1,037	814
Members contributions	24	27	85	84
Benefits paid	(89)	(103)	(1,295)	(1,163)
Unfunded benefits paid	-	-	(4)	(4)
Changes in financial assumptions	(2,755)	(547)	(12,460)	(2,444)
Changes in demographic assumptions	(41)	(37)	(248)	(235)
Other experience	184	11	2,193	80
Closing value of funded liabilities	4,651	6,971	28,618	38,663
Closing value of unfunded liabilities	-	-	54	65

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

26 EMPLOYEE BENEFITS (CONTINUED)

	Leicestershire County Council		Derbyshire County Council	
	2023	2022	2023	2022
Local government pension schemes (continued)				
Reconciliation of fair value of plan assets				
Opening fair value of plan assets	7,632	6,784	35,935	34,194
Interest on assets	207	136	958	675
Members contributions	24	27	85	84
Employers contributions	123	133	319	271
Benefits paid	(89)	(103)	(1,295)	(1,163)
Unfunded benefits paid	-	-	(4)	(4)
Contributions in respect of unfunded benefits paid	-	-	4	4
Other experience	(15)	-	(238)	-
Return on assets excluding net interest	(301)	655	(1,977)	1,874
Closing fair value of plan assets	7,581	7,632	33,787	35,935
Expenses recognised in the profit and loss account				
Current service cost	168	199	573	635
Past service cost (including curtailments)	-	-	63	-
Interest cost	(18)	11	79	139
Total pension costs recognised in the profit and loss account	150	210	715	774
Amounts recognised in other comprehensive income				
Changes in financial assumptions	(2,755)	(547)	(12,460)	(2,444)
Changes in demographic assumptions	(41)	(37)	(248)	(235)
Other experience	199	11	2,431	80
Return on assets excluding interest	301	(655)	1,977	(1,874)
Restriction of pension fund surplus	2,269	661	5,115	-
Total amounts recognised in other comprehensive income	(27)	(567)	(3,185)	(4,473)
Reconciliation of the effect of the restriction on pension fund surplus				
Net asset ceiling at 1 April 2022	661	-	-	-
Restriction of pension fund surplus	2,269	661	5,115	-
Net asset ceiling at 31 March 2023	2,930	661	5,115	-
The estimated split of plan assets at each period end is as follows:				
Equities	56%	59%	66%	65%
Bonds	34%	29%	23%	23%
Property	7%	8%	8%	8%
Cash	3%	4%	3%	4%
	100%	100%	100%	100%

EMH HOUSING AND REGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

26 EMPLOYEE BENEFITS (CONTINUED)

Local government pension schemes (continued)

Principal actuarial assumptions at the year end were as follows:

Inflation/pension increase rate	2.95%	3.2%	3.3%	3.2%
Salary increase rate	3.45%	3.7%	4.0%	3.9%
Discount rate	4.75%	2.7%	4.75%	2.7%

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 10% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a for both males and females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Male Years	Female Years	Male Years	Female Years
Current pensioners	20.2	24.5	21.0	24.0
Future pensioners	21.4	25.7	21.8	25.5

A commutation allowance is included for future retirements to elect to take 55% in the Leicestershire County Council scheme and 60% in the Derbyshire County Council scheme, of the maximum additional tax-free cash up to HMRC limits.

The last full actuarial valuation of the both the Derbyshire County Council scheme and the Leicestershire County Council scheme were performed on 31 March 2022. The Association expects to contribute £314,000 to the Derbyshire County Council scheme and £132,000 to the Leicestershire County Council scheme in the period to 31 March 2024.

The sensitivities regarding the principal assumptions used to measure the scheme liabilities are set out below:

Change in assumptions at 31 March 2023	Leicestershire County Council		Derbyshire County Council	
	Approx. % increase to employer liability	Approx. monetary amount (£'000)	Approx. % increase to employer liability	Approx. monetary amount (£'000)
0.1% decrease in real discount rate	2%	91	2%	446
1 year increase in member life expectancy	4%	186	4%	1,147
0.1% increase in salary increase rate	0%	18	0%	53
0.1% increase in pension increase rate (CPI)	2%	75	1%	400

EMH HOUSING AND REGENERATION LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2023

	2023 £'000	2022 £'000
27 SHARE CAPITAL		
Share capital		
Allotted, issued and fully paid at 1 April and 31 March	-	-
At 31 March 2023, the Association had 8 ordinary shares (2022: 8) in issue, with each share having a nominal value of £1. The shares have no rights to dividends nor to any share of assets of the Association in the event of it ceasing to operate.		
28 OPERATING LEASES		
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	1,055	206
Between one and five years	3,120	1
	4,175	207
During the year £570k was recognised as an expense in the statement of comprehensive income in respect of operating leases (2022: £238k).		
29 CAPITAL COMMITMENTS		
Capital expenditure that has been contracted for but has not been provided for in the financial statements	153,990	100,892
Sources of Funding		
Government Grants	47,276	5,476
Working Capital	29,335	43,934
Secured & Available Facilities	77,379	51,482
Capital expenditure that has been authorised by the Board of Management but has yet been contracted for	58,606	142,610
Sources of Funding		
Government Grants	45,933	11,625
Secured & Available Facilities	12,673	130,985

EMH HOUSING AND REGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	£'000	£'000

30 RELATED PARTIES

No board members or shareholders at 31 March 2023 were tenants of the Association during the year.

During the year emh homes had the following intercompany recharge transactions with non-regulated entities within the emh group.

Sales to:

emh Care & Support Limited	84	38
Midlands Rural Housing	317	247
East Midlands Housing Group Limited	200	135

Sales to emh Care & Support are management charges for housing services. These charges are made at an arm's length commercial rate. Sales to Midlands Rural Housing are management charges for maintenance contract management services. These charges are made at cost. Sales to East Midlands Housing Group are rental charges for an office building. These charges are made at an arm's length commercial rate.

Purchases from:

East Midlands Housing Group Limited	12,575	12,173
emh treasury plc	9,327	9,277
Sharpes Garden Services Limited	4,440	4,320
emh Care & Support Limited	457	577
emh Development Company Ltd	19,942	10,061

Purchases from East Midlands Housing Group are management charges for centrally supplied services (including Finance, ICT, HR). These charges are made at cost plus an appropriate margin. Purchases from emh Treasury are interest charges on funding. These charges are made at cost. Purchases from Sharpes Garden Services are provision of gardening services and contract management services. These charges are made at an arm's length commercial rate. Purchases from emh Care & Support are management charges for care and support services. These charges are made at cost. Purchases from emh Development Company Ltd are provision of design and build services of new properties. These charges are made at cost plus an appropriate margin.

At the end of the year emh homes had the following intercompany balances with non-regulated entities within the emh group.

Debtors

East Midlands Housing Group Limited	1,820	2,150
emh Care & Support Limited	3	22
Midlands Rural Housing	504	152
emh Development Company Limited	1,169	1,195

EMH HOUSING AND REGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

	2023	2022
	£'000	£'000
30 RELATED PARTIES (CONTINUED)		
<hr/>		
<u>Creditors: amounts falling due within one year</u>		
emh Sharpes	278	263
emh Care & Support Limited	99	544
emh treasury plc	1,670	1,480
emh Development Company Limited	1,020	2,604
<u>Loans</u>		
emh treasury plc	245,292	200,215
31 ULTIMATE PARENT COMPANY		
<hr/>		

The Association is a subsidiary undertaking of East Midlands Housing Group, which is regarded by the Board of Management as the ultimate parent organisation of the Association. The consolidated financial statements of East Midlands Housing Group are available at www.emhgroup.org.uk



Memorial House
Whitwick Business Park
Stenson Road
Coalville
Leicestershire
LE67 4JP

T 01530 276000

E customerservices@emh.co.uk
www.emh.co.uk

Ms Victoria Sewell
KPMG LLP
Suite 23
BLOCK
Royal William Yard
Plymouth
PL1 3RP

September 2023

Dear Victoria,

This representation letter is provided in connection with your audit of the financial statements of EMH Housing and Regeneration Limited (“the Association”), for the year ended 31 March 2023, for the purpose of expressing an opinion:

- i. as to whether these financial statements give a true and fair view of the state of the Association’s affairs as at year end and of the Association’s profit or loss for the financial year then ended;
- ii. whether the financial statements have been properly prepared in accordance with UK Generally Accepted Accounting Practice (including FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (“FRS 102”));
- iii. whether the financial statements have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- iv. whether the financial statements have been properly prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

These financial statements comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Statement of cashflows and related notes, comprising a summary of significant accounting policies and other explanatory notes.

The Board confirms that the representations it makes in this letter are in accordance with the definitions set out in the Appendix to this letter.

The Board confirms that, to the best of its knowledge and belief, having made such inquiries as it considered necessary for the purpose of appropriately informing itself:

Financial statements

1. The Board has fulfilled its responsibilities, as set out in the terms of the audit engagement dated 8 February 2021 and the variation letter dated 24 March 2022, for the preparation of financial statements that:



- i. give a true and fair view of the state of the Association's affairs as at the end of its financial year and of its profit or loss for that financial year;
- ii. have been properly prepared in accordance with UK Generally Accepted Accounting Practice (including FRS 102);
- iii. have been prepared in accordance with the requirements of the Co-operative and Community Benefit Society Act 2014; and
- iv. whether the financial statements have been properly prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

The financial statements have been prepared on a going concern basis.

2. The methods, the data and the significant assumptions used in making accounting estimates and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.
3. All events subsequent to the date of the financial statements and for which section 32 of FRS 102 requires adjustment or disclosure have been adjusted or disclosed.
4. The effects of uncorrected misstatements are immaterial, both individually and in aggregate, to the financial statements as a whole. A list of the uncorrected misstatements is attached to this representation letter.

Information provided

5. The Board has provided you with:
 - access to all information of which it is aware, that is relevant to the preparation of the financial statements, such as records, documentation and other matters;
 - additional information that you have requested from the Board for the purpose of the audit; and
 - unrestricted access to persons within the Association from whom you determined it necessary to obtain audit evidence.
6. All transactions have been recorded in the accounting records and are reflected in the financial statements.
7. The Board confirms the following:
 - i) The Board has disclosed to you the results of its assessment of the risk that the financial statements may be materially misstated as a result of fraud.

Included in the Appendix to this letter are the definitions of fraud, including misstatements arising from fraudulent financial reporting and from misappropriation of assets.

- ii) The Board has disclosed to you all information in relation to:

Emh is the trading name of Emh Housing and Regeneration Limited. Part of East Midlands Housing Group Limited.
Registered Office: Memorial House, Whitwick Business Park, Stenson Road, Coalville, Leicestershire LE67 4JP.

Emh Housing and Regeneration Limited is a registered society, with charitable rules, under the Co-operative and Community Benefit Societies Act 2014 (32198R) and with the Regulator of Social Housing (4775). Authorised and regulated by the Financial Conduct Authority (680144). We are members of the National Housing Federation.



Memorial House
Whitwick Business Park
Stenson Road
Coalville
Leicestershire
LE67 4JP

T 01530 276000

E customerservices@emh.co.uk
www.emh.co.uk

- a) Fraud or suspected fraud that it is aware of and that affects the Association and involves:
 - management;
 - employees who have significant roles in internal control; or
 - others where the fraud could have a material effect on the financial statements; and
- b) allegations of fraud, or suspected fraud, affecting the Association's financial statements communicated by employees, former employees, analysts, regulators or others.

In respect of the above, the Board acknowledges its responsibility for such internal control as it determines necessary for the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In particular, the Board acknowledges its responsibility for the design, implementation and maintenance of internal control to prevent and detect fraud and error.

8. The Board has disclosed to you all known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.
9. The Board has disclosed to you and has appropriately accounted for and/or disclosed in the financial statements, in accordance with section 21 of FRS 102 all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.
10. The Board has disclosed to you the identity of the Association's related parties and all the related party relationships and transactions of which it is aware. All related party relationships and transactions have been appropriately accounted for and disclosed in accordance with section 33 of FRS 102.

Included in the Appendix to this letter are the definitions of both a related party and a related party transaction as we understand them and as defined in FRS 102.

11. The Board confirms that:
 - a) The financial statements disclose all of the key risk factors, assumptions made and uncertainties surrounding the Association's ability to continue as a going concern as required to provide a true and fair view and to comply with FRS 102.
 - b) No material events or conditions exist that may cast significant doubt on the ability of the Association to continue as a going concern.
12. On the basis of the process established by the Board and having made appropriate enquiries, the Board is satisfied that the actuarial assumptions underlying the valuation of defined benefit obligations are consistent with its knowledge of the business and in accordance with the requirements of section 28 of FRS 102.

Emh is the trading name of Emh Housing and Regeneration Limited. Part of East Midlands Housing Group Limited.
Registered Office: Memorial House, Whitwick Business Park, Stenson Road, Coalville, Leicestershire LE67 4JP.

Emh Housing and Regeneration Limited is a registered society, with charitable rules, under the Co-operative and Community Benefit Societies Act 2014 (32198R) and with the Regulator of Social Housing (4775). Authorised and regulated by the Financial Conduct Authority (680144). We are members of the National Housing Federation.

**NATIONAL
HOUSING
FEDERATION**



Memorial House
Whitwick Business Park
Stenson Road
Coalville
Leicestershire
LE67 4JP

T 01530 276000

E customerservices@emh.co.uk
www.emh.co.uk

The Board further confirms that:

- a) all significant retirement benefits, including any arrangements that are:
- statutory, contractual or implicit in the employer's actions;
 - arise in the UK and the Republic of Ireland or overseas;
 - funded or unfunded; and
 - approved or unapproved,

have been identified and properly accounted for; and

- b) all plan amendments, curtailments and settlements have been identified and properly accounted for.

This letter was tabled and agreed at the meeting of the Board of Directors on 28 July 2023.

Yours faithfully,

T J Brown

[T J Brown \(Sep 7, 2023 12:57 GMT+1\)](#)

Tim Brown
Chair

Appendix to the Board Representation Letter of EM Housing and Regeneration Limited:
Definitions

Criteria for applying the disclosure exemptions within FRS 102

- The Association discloses in the notes to its financial statements:
 - a) A brief narrative summary of the disclosure exemptions adopted; and
 - b) The name of the parent of the group in whose consolidated financial statements its financial statements are consolidated, and from where those financial statements may be obtained

Financial Statements

A complete set of financial statements (before taking advantage of any of the FRS 102 exemptions) comprises:

- *a Balance Sheet as at the end of the period;*
- *a Profit and Loss account for the period;*
- *a statement of other comprehensive income for the period;*
- *a statement of changes in equity for the period;*
- *a cash flow statement for the period*
- *notes, comprising a summary of significant accounting policies and other explanatory information.*

FRS 102 permits an entity either to present (i) separately a Profit and Loss account and a Statement of Other Comprehensive Income or (ii) a combined Profit and Loss Account and Other Comprehensive Income.

Material Matters

Certain representations in this letter are described as being limited to matters that are material.

FRS 102 states that:

Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions of users taken on the basis of the financial statements. Materiality depends on the size and nature of the omission or misstatement judged in the surrounding circumstances. The size or nature of the item, or combination of both, could be the determining factor.

Fraud

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorisation.

Error

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Prior period errors are omissions from, and misstatements in, the entity's financial statements for one or more prior periods arising from a failure to use, or misuse of, reliable information that:

- a) was available when financial statements for those periods were authorised for issue; and
- b) could reasonably be expected to have been obtained and taken into account in the preparation and presentation of those financial statements.

Such errors include the effects of mathematical mistakes, mistakes in applying accounting policies, oversights or misinterpretations of facts, and fraud.

Management

For the purposes of this letter, references to "management" should be read as "management and, where appropriate, those charged with governance".

Qualifying Entity

A member of a group where the parent of that group prepares publicly available consolidated financial statements which are intended to give a true and fair view (of the assets, liabilities, financial position and profit or loss) and that member is included in the consolidation by means of full consolidation.

Related Party and Related Party Transaction

Related party:

A related party is a person or entity that is related to the entity that is preparing its financial statements (referred to in FRS 102 as the "reporting entity").

- a) A person or a close member of that person's family is related to a reporting entity if that person:
 - i. has control or joint control over the reporting entity;
 - ii. has significant influence over the reporting entity; or
 - iii. is a member of the key management personnel of the reporting entity or of a parent of the reporting entity.
- b) An entity is related to a reporting entity if any of the following conditions apply:

- i. The entity and the reporting entity are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).
- ii. One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).
- iii. Both entities are joint ventures of the same third party.
- iv. One entity is a joint venture of a third entity and the other entity is an associate of the third entity.
- v. The entity is a post-employment benefit plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related to the reporting entity.
- vi. The entity is controlled, or jointly controlled by a person identified in (a).
- vii. A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).
- viii. The entity, or any member of a group of which it is a part, provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Related party transaction:

A transfer of resources, services or obligations between a reporting entity and a related party, regardless of whether a price is charged.