

# EMH Housing and Regeneration Limited

## **REPORT AND FINANCIAL STATEMENTS**

For the year ended 31 March 2022

**EMH HOUSING AND REGENERATION LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2022

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## **EMH HOUSING AND REGENERATION LIMITED ASSOCIATION INFORMATION**

FOR THE YEAR ENDED 31 MARCH 2022

### BOARD MEMBERS

#### **Christopher Hobson – Chair**

Emma Foody  
Chan Kataria  
Amanda Ashton (ceased September 2021)  
Gail Puttock  
Masaud Subedar  
Tim Brown (appointed September 2021)

### 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 2022

The Board of EMH Housing and Regeneration Limited are pleased to present its financial statements for the year ended 31 March 2022.

### 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](http://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.

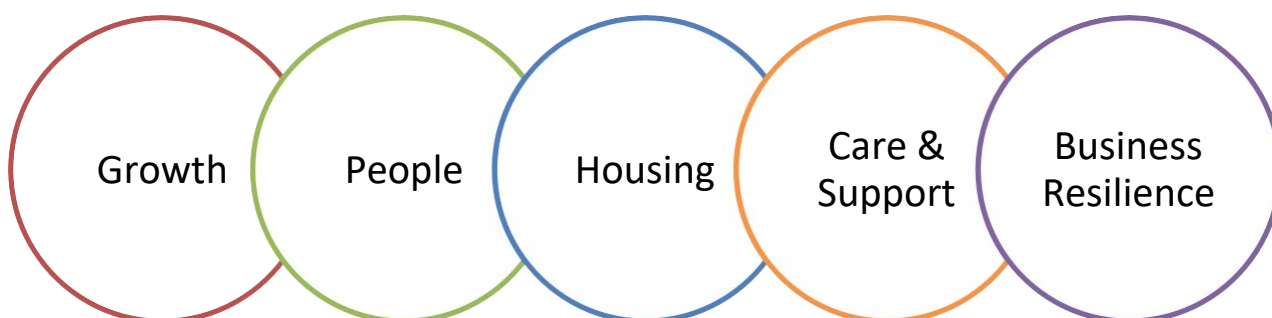
**Clarity** We are clear about what we are here to do and why.

**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 does not stand still and so we have reviewed our Business Plan in year to continue to ensure that it remains relevant and so that we can provide clarity on our progress towards achieving our objectives and the metrics we link to them. 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 2022

### Future Plans (continued)

#### 1. Growth and Business Development

##### **To deliver ambitious plans to develop new homes to own and rent, meeting a range of housing needs**

- We will actively seek out opportunities for expansion through acquisition and partnering, including merger opportunities that align with our values and requirements;
- We will contribute to the Government's ambitions to deliver 300,000 homes by achieving our own development target of 2,750 new homes through a range of products and methods including modular construction. Our first pure module site is due for completion in 2022;
- We will work in collaboration with Homes England and other development partners to achieve increased housing provision;
- We will explore further opportunities to provide our services to others including development agency and sales services;
- We will look for opportunities to develop effective influencing links to contribute to the delivery of the Levelling Up agenda, influence investment in regional infrastructure and workplace skills and to promote links between housing, health and social care in order to widen our offer to potential partners and service users;
- Input into regional growth and development strategies of business and trade representative bodies.

#### 2. People and Organisational Development

##### **To develop our people offer, ensuring there are opportunities for personal growth, talent management and succession in order to increase the impact of individuals and teams across the group**

- We will review our Remuneration and Pension strategies;
- Develop and implement a clear Equality, Diversity and Inclusion (EDI) action plan relating to employment;
- We will continue to promote and embed health and wellbeing across emh;
- We will refine and continue to roll out our Learning and Development Strategy;
- We will embed our approach to talent management and succession planning;
- We will expand our Academy, making full use of the Apprenticeship Levy and ensure support mechanisms are in place to allow apprentices to reach their full potential;
- We will embed a people-based culture aligning the values of the organisation and employees. Where colleagues are change ready, feel recognised and rewarded and experience an environment of psychological safety.

#### 3. Property Services and Communities

##### **To invest in the housing and neighbourhood services where it is needed most, making services fit for the future, managing our existing homes and investing in and engaging with the diverse communities that live there, increasing our feedback options and putting customers right at the heart of what we do**

- We will develop a new approach to consumer regulation across emh;
- We will embed a positive and effective complaints process and culture;
- We will deliver a new model of service delivery in line with our nine transformation principles;
- We will monitor and ensure compliance with rent and consumer standards;
- We will ensure Value for Money (VFM) of the In House Maintenance service and Sharpes;
- We will take a strong customer approach to services to improve customer satisfaction ratings across the board;
- We will develop a detailed delivery plan to review stock condition data covering components to refine costings for net zero/EPC Level C and deliver robust life cycle management;
- Develop and implement a clear Equality, Diversity and Inclusion (EDI) action plan relating to access to and experience of housing and neighbourhoods services;
- We will continue to deliver emh's Homelessness Strategy building on the success of the Rough Sleeping initiative partnership working with local authorities and Homes England;
- We will develop an operational plan in response to emerging Health and Safety related legislation.

# EMH HOUSING AND REGENERATION LIMITED

## REPORT OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2022

### Future Plans (continued)

#### 4. Care and Support

**To provide consistently safe, compliant, good quality, viable services, whilst remaining financially viable**

- We will review and strengthen quality and contractual, regulatory and legal compliance, achieving CQC “Good” rating for all services as a minimum within a framework that fosters co-production and effective partnerships within the localities in which we operate;
- We will improve financial viability of the Care Business, generating sustainable surpluses, and demonstrating strong budgetary controls within a delegated framework insuring 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.

#### 5. Business Resilience

**To remain a resilient and financially robust business by continuing to demonstrate value for money; efficiency and effectiveness; and, by providing the financial and other resources needed to deliver our services and continue to grow**

- 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;
- We will agree a programme of new ICT projects, including a review of our main housing systems, and ensure they follow the approved project management approach;
- We will meet Value for Money targets ensuring the growth in unit costs are below CPI inflation;
- We will deliver action plans to ensure compliance with the “must do” governance and leadership requirements of the Race Equality Code 2020;
- We will recruit new members with appropriate skills and diversity to meet future business needs;
- We will provide effective compliance in all areas to meet legal, regulatory and good practice requirements.

A copy of the full Business plan with key measures of success can be found at [www.emhgroup.org.uk](http://www.emhgroup.org.uk)

## EMH HOUSING AND REGENERATION LIMITED REPORT OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2022

### Board Membership, remuneration and attendance

Name	Remuneration	Board Meeting Attendance
<b>Christopher Hobson</b> Chair	Parent Nominee Paid by emh group	4/4
<b>Gail Puttock</b>	Parent Nominee Paid by emh group	3/4
<b>Emma Foody</b>	£4,481.37	3/4
<b>Chan Kataria</b>	Paid by emh group as an executive	4/4
<b>Amanda Ashton*</b>	Parent Nominee Paid by emh group	1/1
<b>Masaud Subedar</b>	£4,585.87	4/4
<b>Tim Brown</b>	Parent Nominee Paid by emh group	3/3

\*Left September 2021 \*\*Appointed September 2021

### 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. We offer a number of ways for customers to be involved in helping us achieve our mission including a number of online panels, the Scrutiny Panel, service improvement groups and local community-based groups. Our online opportunities for resident influence appeal to a wider demographic and therefore the views given represent a wider cross-section of our customer base. During the year we carried out 37 consultations and our Scrutiny Panel investigated both our aids & adaptations and complaints services. Numbers of engaged residents remain at around 1500 through online methods of consultation and engagement.

### Operating Environment and Risk

The needs of our customers are changing and, in many cases, increasing. Rises in living costs, especially heating, fuel and food, are placing considerable financial burdens on many of our tenants and residents. We have an ageing population with a fragile care system, and we have new challenges facing 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 very proud to provide housing and care services to residents and service users in over 21,000 properties with a turnover of £125million and over 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. The tragic Grenfell fire has led to three impactful and sector changing documents that

## EMH HOUSING AND REGENERATION LIMITED REPORT OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2022

### Operating Environment and Risk (continued)

we welcome. ‘The charter for social housing residents: social housing white paper’, a defining document that sets out the actions required to ensure that residents in social housing are safe, are listened to, live in good quality homes, and have access to redress when things go wrong. The new Building Safety Act 2022 will have major financial and practical consequences for the Residential Housing Sector. And of course, the long-term impact of dealing with the Coronavirus pandemic will see emh group continue to take all measures required by Government to safeguard our customers and colleagues. The National Housing Federation Code of Governance 2020 places a fresh emphasis on the central role board leadership plays in ensuring an organisation’s culture and behaviours are aligned with its mission and values, placing a fresh emphasis on the key themes of accountability to stakeholders, including residents and other customers; equality, diversity and inclusion in governance; and environmental sustainability.

We are proud to have been accredited as an Investors in People Gold organisation, showing true testament to our colleagues. We have a team of cultural transformation practitioners trained within the Group; and have established our new Apprenticeship Strategy and an 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 supported by a “leading remotely” course for all line managers across the group, all of whom are trained in coaching techniques.

Due to hard work and dedication of our Income team we have exceeded our arrears target of 4.00% achieving 3.26% 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 and homelessness. In May 2020/21, the average (mean) house price in the East Midlands was £246,999 whilst mean average earnings were £28,761. This means that the ratio of housing prices to incomes is 9, compared with a national average ratio of 11. Unemployment rates in the region were higher than the national average of 4.9%, standing at a regional average of 5.5%. Research published in early 2021 suggests that a total of 340,000 additional homes each year until 2031 will not meet current housing needs. 145,000 of these new homes must be affordable. 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.

On the back of further strengthening the Strategic Partnership with Homes England we increased our growth target and have a significant development programme of both affordable rented and low-cost home ownership properties across the region. We are also exploring other tenures including social rented properties and market sale in order to offer a balanced mix of new homes and build sustainable communities. Our development programme now includes more land-led schemes alongside the traditional S106 and package deals following the incorporation emh Development Company Limited.

One of our key objectives is to make a real impact on homelessness. We are pleased to have grown this vitally important work by partnering with another local authority, bringing the total to 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



# EMH HOUSING AND REGENERATION LIMITED

## REPORT OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2022

### Operating Environment and Risk (continued)

in early 2022 we retained the V1/G1 rating alongside our A+ negative rating confirmed by Standard & Poors. Our surpluses exceeded predictions and we remain well ahead of our covenants.

During the last year we have been successful in being shortlisted or winning many prestigious awards, including; Winner of the Social Housing Award Category, Insider Midlands Residential Property Awards; Winner of the Skills and Apprenticeship Scheme Award, East Midlands Property Awards; Housing Association/Landlord of the Year Award in the East Midlands Energy Efficiency Awards; Highly Commended in the Large Scale Project over £250,000 in the East Midlands Energy Efficiency Awards; Finalist, Leicestershire Live Women in Business Awards; Finalist, Outstanding Contribution to Work in STEM, East Midlands Chamber Enterprising Women Awards; Regional Finalist for the Apprentice of the Year, in the National Apprenticeship Service Awards; Shortlisted for Inside Housing Development Awards, for Best Older Peoples' Housing Development (Rural and Suburban) for Springfields.

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.

Year ended	31 March 2022 £millions	31 March 2021 £millions
<b><u>INCOME AND EXPENDITURE</u></b>		
Operating surplus	33.2	35.6
Operating margin (exc surplus on sales)	27.0%	31.2%
Operating margin – social housing lettings	28.4%	31.9%
<b><u>STATEMENT OF FINANCIAL POSITION</u></b>		
Total tangible fixed assets	<b>904.0</b>	<b>855.7</b>
Net assets	174.0	153.3
Properties in management at year end	19,892	19,644

Our operating surplus for the year was £33.2m, £2.4m lower than in 2021. This was predominately due to our social housing lettings activities where the operating margin was £28.3m (2021: £32.1m). There were continuing pressure on costs and resources, particularly in the maintenance and estate costs as we improve our homes and communities. Increased unit numbers during the year resulted in additional income to support this increased spending.

# EMH HOUSING AND REGENERATION LIMITED

## REPORT OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2022

### Achievements in the Year (continued)

#### Financial Performance (continued)

Total tangible fixed assets increased by £48.3m 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 increased by £21.3m in the year; cash balances reduced to £52m at year end with 100% (2021: 100%) of this invested with UK banking institutes.

Borrowing decreased by £9m to £493m, following contractual payments. No additional funding was secured in year, with this undertaking happening in 2022-23. There has been no draw down on the revolving credit facility with the full £190m still secured and available to draw. Our pension deficit liabilities decreased during the year. The fair value of the plan assets has increased substantially. In addition, the present value of defined benefit obligations has decreased due to changes in financial assumptions, demographic assumptions and other assumptions. The discount rates used to calculate future liabilities have increased as to have the expected salary percentage increases.

#### **Business Plan Objectives**

During the year significant progress was made against the targets in our last Business Plan. Highlights include:-

- ✓ We exceeded our monetary first tranche sales target despite only achieving 83% of our sales target due to reduced handovers in year. We also secured 52 staircasing sales;
- ✓ We continued to work as a Strategic Partner, successfully entering phase 2 of the programme and received £3.9m in the year, further strengthening our relationship with Homes England;
- ✓ 65% of our tenants have signed up to our online portal;
- ✓ Supporting 185 apprentices to date, well on the way to meet our target of 250 by 2023;
- ✓ We have successfully let or sold all 65 apartments of extra care housing for rent and home ownership in our new development in Ashby De La Zouch, Leicestershire further cementing our commitment in this field;
- ✓ 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;
- ✓ Updating our People Strategy based on four underlying principles: embed diversity and inclusion in all we do; optimise internal communications to foster trust, collaboration and innovation; champion a move to a data driven organisation; and champion agility and change readiness;
- ✓ We have adopted the Rooney Rule, helping ensure that recruitment to leadership roles is accessible to black and minority ethnic (BAME) applicants. We publish our ethnicity pay gap report annually. Our BAME Leaders' Group provide challenge and support to help us address racial inequalities;
- ✓ Effectively mobilised our move to office based, homes based, hybrid and agile working;
- ✓ Publishing our first Environmental, Social and Governance report and made a successful bid via Midlands Energy Hub for the Social Housing Decarbonisation Fund to improve EPC ratings on 103 homes.

## **EMH HOUSING AND REGENERATION LIMITED**

### **REPORT OF THE BOARD**

FOR THE YEAR ENDED 31 MARCH 2022

#### **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 the Board approved a new Value for Money Strategy, 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.

A copy of the full Value for Money Self-Assessment Statement will be published on our parent company's website ([www.emhgroup.org.uk](http://www.emhgroup.org.uk)) including a comparison of the Sector Scorecard against our selected peer group when it becomes available.

During the year we completed 343 new units, over 60% of 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 1,139 new homes on site which will be delivered in future years and remain on track to achieve our target of managing at least 21,500 homes by 2023. Now in the fourth year of the Strategic Partnership with Homes England, the full grant allocation of £43m has been drawn down with the final £3.5m in the current financial year. We have now entered phase 2 of the partnership, being awarded grant of £88m to complete 1,750 new properties over the next 5 years.

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.

#### **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 2022 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.

## EMH HOUSING AND REGENERATION LIMITED

### REPORT OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2022

#### Going Concern (continued)

The board, after reviewing the group and company budgets for 2022/23 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 2022

#### 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 2019. 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](http://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 the highest ratings for Governance and Financial Viability from our regulator from the Regulator of Social Housing which were confirmed in March 2022, following an In Depth Assessment.

On 25<sup>th</sup> May 2018, 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 31<sup>st</sup> March 2021, 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 2022

**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 2022. Full compliance with the NHF Code of Governance has been confirmed. Full compliance with the RSH Governance and Financial Viability Standard has been confirmed with the exception of 2.7 due to a late submission of the Annual Fraud report. Controls have subsequently been strengthened and assurance provided to the Group Audit Committee on RSH reporting.

**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.

*chris Hobson*

[chris Hobson \(Aug 5, 2022 09:52 GMT+1\)](#)

**CHRISTOPHER HOBSON**

Chair – EMH Homes

28 July 2022

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

FOR THE YEAR ENDED 31 MARCH 2022

**Opinion**

We have audited the financial statements of EMH Housing and Regeneration Limited ("the Association") for the year ended 31 March 2022 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 affairs of the Association as at 31 March 2022 and of its income and expenditure 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 2022

**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 or seldom used accounts.

*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 2022

**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**

The Association's Board are responsible for the other information, which comprises the Board's Annual Report. 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 Board's Annual Report.
- 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 2022

**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 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 need 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](http://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 2022

**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.



**Sarah Brown (Senior Statutory Auditor)**

**for and on behalf of KPMG LLP, Statutory Auditor**

*Chartered Accountants*

One Snowhill, Snow Hill Queensway

Birmingham B4 6GH

09 August 2022

**EMH HOUSING AND REGENERATION LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED 31 MARCH 2022

	<b>Note</b>	<b>2022</b> <b>£'000</b>	<b>2021</b> <b>£'000</b>
Turnover	3	104,240	103,604
Operating costs	3	(76,086)	(71,264)
Gain on disposal of tangible fixed assets	8	5,014	3,242
<b>Operating surplus</b>	3	33,168	35,582
Interest receivable and similar income	9	61	65
Interest payable and similar charges	10	(20,666)	(21,886)
Finance income and costs	11	(303)	(164)
Gift aid received		755	1,400
<b>Surplus for the year</b>	5	13,015	14,997
<b>Other comprehensive income</b>			
Remeasurement of Local Government Pension Scheme	26	5,040	(3,029)
Remeasurement of Social Housing Pension Scheme	26	2,597	(4,715)
<b>Total comprehensive income for the year</b>		20,652	7,253

Turnover is derived from continuing activities.

## EMH HOUSING AND REGENERATION LIMITED

### STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2022

	Note	2022 £'000	2021 £'000
<b>Tangible fixed assets</b>			
Housing properties	13	887,038	840,970
Other tangible fixed assets	13	10,424	7,718
Investments	14	1,331	1,455
HomeBuy loan receivable		5,194	5,554
<b>Net book value tangible fixed assets</b>		<b>903,987</b>	<b>855,697</b>
<b>Current assets</b>			
Properties for sale and work in progress	15	15,366	14,902
Trade and other debtors	17	6,592	16,231
Investments	18	18,415	58,584
Cash and cash equivalents		33,689	22,612
<b>Total current assets</b>		<b>74,062</b>	<b>112,329</b>
<b>Creditors: amounts falling due within one year</b>	19	<b>(42,744)</b>	<b>(27,466)</b>
<b>Net current assets</b>		<b>31,318</b>	<b>84,863</b>
<b>Creditors: amounts falling due after one year</b>	20	<b>(754,025)</b>	<b>(772,133)</b>
<b>Provision for liabilities</b>			
Other provisions	25	(342)	(458)
Pension liability	26	(6,950)	(14,633)
<b>Net assets</b>		<b>173,988</b>	<b>153,336</b>
<b>Capital and reserves</b>			
Called up share capital	27	-	-
Sinking fund		-	1,328
Revenue reserves		173,988	152,008
<b>Total funds</b>		<b>173,988</b>	<b>153,336</b>

These financial statements were approved by the board of directors on 28 July 2022 and were signed on its behalf by:

*Chris Hobson*

Chris Hobson (Aug 5, 2022 09:52 GMT+1)

**Christopher Hobson**

Chairman

*Tim Brown*

Tim Brown (Aug 5, 2022 09:58 GMT+1)

**Tim Brown**

Board  
Member

*J. Tilley*

J. Tilley (Aug 5, 2022 10:26 GMT+1)

**Joanne Tilley**

Secretary

**EMH HOUSING AND REGENERATION LIMITED**  
**STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 31 MARCH 2022

	Called up share capital £'000	Revenue reserve £'000	Sinking fund £'000	Total equity £'000
Balance at 1 April 2021	-	152,008	1,328	153,336
<b>Total comprehensive income for the period</b>				
Surplus for the year	-	13,015	-	13,015
Transfer	-	1,328	(1,328)	-
Remeasurement of Pension Schemes	-	7,637	-	7,637
<b>Balance at 31 March 2022</b>	-	173,988	-	173,988
Balance at 1 April 2020	-	144,755	1,328	146,083
<b>Total comprehensive income for the period</b>				
Surplus for the year	-	14,997	-	14,997
Remeasurement of Pension Schemes	-	(7,744)	-	(7,744)
<b>Balance at 31 March 2021</b>	-	152,008	1,328	153,336

**EMH HOUSING AND REGENERATION LIMITED**  
**CASHFLOW STATEMENT**

FOR THE YEAR ENDED 31 MARCH 2022

	Note	2022 £'000	2021 £'000
<b>Cashflows from operating activities</b>			
Operating surplus for the year	3	33,168	35,582
<i>Adjustments for non-cash items:</i>			
Depreciation of tangible fixed assets	13	16,208	15,452
Loan amortisation charges		436	345
Deferred government grants	24	(2,424)	(2,361)
Pensions costs less contributions payable	26	(676)	(768)
Net book value sales of tangible fixed assets	8	14,627	15,408
(Increase) in stock		(465)	(1,329)
Decrease/(increase) in trade & other debtors		8,581	(4,122)
Increase/(decrease) in trade and other creditors		4,161	(8,842)
(Decrease)/increase in provisions and employee benefits		(116)	339
<b>Net cash from operating activities</b>		<b>73,500</b>	<b>49,704</b>
<b>Cashflows from investing activities</b>			
Interest received		63	70
Gift aid received		755	1,400
Acquisition of tangible fixed assets		(75,054)	(62,674)
Proceeds from receipt of government grants		6,380	25,013
Capitalised development expenditure		(2,530)	(2,490)
Disposal of investment securities		124	135
Disposal/(purchase) of short term investments		40,169	(30,509)
<b>Net cash from investing activities</b>		<b>(30,093)</b>	<b>(69,055)</b>
<b>Cashflow from financing activities</b>			
Proceeds from new loans		(132)	48,861
Interest paid		(23,529)	(21,238)
Repayment of borrowings		(8,669)	(6,851)
<b>Net cash from financing activities</b>		<b>(32,330)</b>	<b>20,772</b>
Net change in cash and cash equivalents		11,077	1,421
Cash and cash equivalents at start of period		22,612	21,191
<b>Cash and cash equivalents at end of period</b>		<b>33,689</b>	<b>22,612</b>

## EMH HOUSING AND REGENERATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

#### 1 LEGAL STATUS

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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 IPO32198. 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

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##### **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 2019.

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](http://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 2022

#### 2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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##### 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 2022 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 2022/23 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 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.

## EMH HOUSING AND REGENERATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

#### 2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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##### **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 2022

#### 2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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##### **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:-

	<b>years</b>
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 2022

#### 2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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##### **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 either the Recycled Capital Grant Fund (RCGF) or the Disposal Proceeds Fund (DPF) 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.

## EMH HOUSING AND REGENERATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

#### 2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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##### **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 2022

#### **2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

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##### **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 Social Housing Pension Scheme (SHPS) provides benefits based on final pensionable pay. The assets of the scheme are held separately from the assets of the Company. For financial years ending on or before 31 March 2018, it has not been possible for the company to obtain sufficient information to enable it to account for the Pensions Trust Social Housing Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme. For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit 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 2022

#### **2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

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##### **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 2022

#### **2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

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##### **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

Triggers for impairment have been identified and an impairment review has been performed. Further detail is provided in Note 16.



## EMH HOUSING AND REGENERATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

#### **2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

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##### **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.

An impairment review of stock has been carried out and further detail is provided in Note 16.

###### 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 2022

	Turnover	Operating costs / Cost of Sales 2022 £'000	Operating surplus	Turnover	Operating costs / Cost of Sales 2021 £'000	Operating surplus
<b>3 SOCIAL HOUSING</b>						
<b>Social housing lettings</b>						
General needs	60,643	(43,878)	16,765	58,554	(40,155)	18,399
Supported housing and housing for older people	22,194	(17,325)	4,869	21,829	(15,901)	5,928
Low cost home ownership	6,092	(2,487)	3,605	5,398	(2,376)	3,022
	88,929	(63,690)	25,239	85,781	(58,432)	27,349
<b>Other social housing activities</b>						
Support activities	156	(450)	(294)	180	(417)	(237)
Sales of current asset properties	12,887	(11,317)	1,570	15,845	(11,995)	3,850
Other	1,884	(67)	1,817	1,221	(40)	1,181
	14,927	(11,834)	3,093	17,246	(12,452)	4,794
<b>Total social housing</b>	<b>103,856</b>	<b>(75,524)</b>	<b>28,332</b>	<b>103,027</b>	<b>(70,884)</b>	<b>32,143</b>
Non-social housing activities	311	(564)	(253)	500	(368)	132
Non housing activities	73	2	75	77	(12)	65
<b>Total</b>	<b>104,240</b>	<b>(76,086)</b>	<b>28,154</b>	<b>103,604</b>	<b>(71,264)</b>	<b>32,340</b>
Gain on disposal of tangible fixed assets			5,014			3,242
<b>Operating surplus</b>			<b>33,168</b>			<b>35,582</b>

**EMH HOUSING AND REGENERATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 MARCH 2022

	General Needs	Supported housing and housing for older people £'000	Low cost home ownership	2022 Total £'000	2021 Total £'000
<b>3 SOCIAL HOUSING</b>					
Rent receivable net of identifiable service charges	56,567	16,713	5,360	78,640	75,898
Service charges receivable	2,345	4,981	433	7,759	7,487
<b>Net rents receivable</b>	<b>58,912</b>	<b>21,694</b>	<b>5,793</b>	<b>86,399</b>	<b>83,385</b>
Amortised government grant	1,731	394	299	2,424	2,361
Other	-	106	-	106	35
<b>Total income from lettings</b>	<b>60,643</b>	<b>22,194</b>	<b>6,092</b>	<b>88,929</b>	<b>85,781</b>
Expenditure on lettings activities:					
Management	14,459	4,275	1,317	20,051	18,766
Services	3,226	4,981	407	8,614	7,809
Routine maintenance	12,644	4,467	53	17,164	13,883
Planned maintenance	1,675	468	(50)	2,093	2,782
Major repairs expenditure	7	-	-	7	-
Bad debts	386	146	(173)	359	512
Depreciation of housing properties	11,445	2,988	933	15,366	14,663
Other costs	36	-	-	36	17
<b>Total expenditure on lettings</b>	<b>43,878</b>	<b>17,325</b>	<b>2,487</b>	<b>63,690</b>	<b>58,432</b>
<b>Operating surplus on lettings</b>	<b>16,765</b>	<b>4,869</b>	<b>3,605</b>	<b>25,239</b>	<b>27,349</b>
Void losses	498	832	4	1,334	1,138

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

FOR THE YEAR ENDED 31 MARCH 2022

	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>
<b>4 HOUSING STOCK</b>		
<b>Social housing accommodation</b>		
General needs rented	9,734	9,923
Affordable rented	2,051	1,826
Supported housing & housing for older people	4,269	4,178
Low cost home ownership	1,964	1,896
Managed on behalf of other landlords	15	12
<b>Total social housing managed</b>	<b>18,033</b>	<b>17,835</b>
<b>Non-social housing managed</b>		
Leaseholders	552	539
Freehold	344	305
Commercial	28	30
<b>Total non-social housing managed</b>	<b>924</b>	<b>874</b>
<b>Total housing stock</b>	<b>18,957</b>	<b>18,709</b>
Garages and other non-habitable units	935	935
<b>Total units managed</b>	<b>19,892</b>	<b>19,644</b>
<b>Housing units in development pipeline</b>	<b>1,139</b>	<b>802</b>

At 31 March 2022 the Association owned 599 units (2021: 600) which are managed by agents.

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>5 EXPENSES AND AUDITOR'S REMUNERATION</b>		
<u>Included in surplus are the following:</u>		
Depreciation of housing properties	15,389	14,686
Depreciation of other fixed assets	819	766
Surplus of sale of fixed assets	5,014	3,242
Operating lease payments		
Motor vehicles	93	110
Land and buildings	157	151
Auditor's remuneration:		
Audit of these financial statements	30	29
Other services	23	22

## EMH HOUSING AND REGENERATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>

#### 6 STAFF NUMBERS AND COSTS

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The average number of persons employed by the Association (including Directors) during the year, analysed by category, was as follows:

Office staff	184	163
Wardens and caretakers	32	29
Operatives	176	157
	<hr/>	<hr/>
	392	349

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>

Staff costs for the above persons:

Wages and salaries	11,165	10,756
Social security costs	1,093	999
Pension costs	1,352	1,088
Termination benefits	22	44
	<hr/>	<hr/>
	13,632	12,887

#### 7 BOARD MEMBERS AND EXECUTIVE DIRECTORS

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Remuneration of £9k and expenses of £Nil were paid by the Association to the Board of Directors during the year (2021: Remuneration of £4k 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](http://www.emhgroup.org).

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

	<b>2022</b>	<b>2021</b>
	<b>Number</b>	<b>Number</b>

Bands		
£60,001 to £70,000	2	4
£70,001 to £80,000	6	3
£90,001 to £100,000	1	1
£101,001 to £110,000	1	-

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

FOR THE YEAR ENDED 31 MARCH 2022

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>8 SURPLUS ON DISPOSAL OF FIXED ASSETS</b>		
Disposal proceeds	8,703	5,964
Grant abated	46	55
Cost of disposals	(3,735)	(2,777)
	5,014	3,242

Included in the above are 0 properties (2021: 4) disposed of under the Voluntary Right to Buy scheme. These generated a surplus on the disposals of £nil (2021: £394k). This surplus is ring-fenced for reinvestment in new properties under the terms of the scheme.

**9 INTEREST RECEIVABLE AND SIMILAR INCOME**

Interest receivable from unlisted investments	61	65
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**10 INTEREST PAYABLE AND SIMILAR CHARGES**

On bank loans, overdrafts and other loans	23,445	24,305
On pension scheme liabilities	(3)	-
Less capitalised interest	(2,776)	(2,419)
	20,666	21,886

The interest payable above includes a credit of £327k (2021: £975k debit) in respect of FRS102 Basic Financial Instruments amortised cost valuation method.

**11 FINANCING INCOME AND COSTS**

Expected return on pension scheme assets	1,417	1,351
Interest on pension scheme liabilities	(1,720)	(1,515)
Net financing (costs)	(303)	(164)

**12 TAXATION**

Total tax expense recognised in the statement of comprehensive income and equity.

Current tax on income for the period	-	-
Total current tax	-	-

**Reconciliation of effective rate**

Surplus before taxation	13,015	14,997
Total tax expense	-	-
Tax using the UK corporation tax rate of 19% (2021: 19%)	2,473	2,849
Charitable exemption	(2,473)	(2,844)
Group relief	54	35
Corporate interest relief	(54)	(40)
Total tax expense included in the surplus	-	-

**EMH HOUSING AND REGENERATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 MARCH 2022

**13 TANGIBLE FIXED ASSETS**

	-----Housing properties-----					-----Other tangible fixed assets-----					
	Under construction	Social housing letting	Low cost home ownership	Non-social housing	Total housing properties	Freehold Offices	Leasehold Office	Fixtures, Fittings and Equipment	Plant and Vehicles	Total other fixed assets	Total fixed assets
<b>Cost</b>	<b>£'000's</b>										
1 April 2021	50,801	815,110	115,347	2,157	983,415	7,233	317	8,360	348	16,258	999,673
Additions	63,228	-	-	-	63,228	2,355	-	1,232	-	3,587	66,815
Replacement components	137	12,662	-	-	12,799	-	-	-	-	-	12,799
Schemes completed in the year	(49,113)	39,381	9,732	-	-	-	-	-	-	-	-
Transfers	-	(869)	869	-	-	-	-	-	-	-	-
Disposals	(11,467)	(3,494)	(2,350)	-	(17,311)	(64)	(1)	(888)	-	(953)	(18,264)
<b>31 March 2022</b>	<b>53,586</b>	<b>862,790</b>	<b>123,598</b>	<b>2,157</b>	<b>1,042,131</b>	<b>9,524</b>	<b>316</b>	<b>8,704</b>	<b>348</b>	<b>18,892</b>	<b>1,061,023</b>
<b>Accumulated depreciation</b>											
1 April 2021	-	131,501	7,669	466	139,636	2,916	165	5,179	280	8,540	148,176
Provision in the year	-	14,496	876	17	15,389	120	23	641	35	819	16,208
Transfers	-	(29)	29	-	-	-	-	-	-	-	-
Eliminated on disposal	-	(2,507)	(234)	-	(2,741)	(22)	(1)	(868)	-	(891)	(3,632)
<b>31 March 2022</b>	<b>-</b>	<b>143,461</b>	<b>8,340</b>	<b>483</b>	<b>152,284</b>	<b>3,014</b>	<b>187</b>	<b>4,952</b>	<b>315</b>	<b>8,468</b>	<b>160,752</b>
<b>Impairment</b>											
1 April 2021	-	1,379	1,430	-	2,809	-	-	-	-	-	2,809
<b>31 March 2022</b>	<b>-</b>	<b>1,379</b>	<b>1,430</b>	<b>-</b>	<b>2,809</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>2,809</b>
<b>Net book value</b>											
<b>31 March 2022</b>	<b>53,586</b>	<b>717,950</b>	<b>113,828</b>	<b>1,674</b>	<b>887,038</b>	<b>6,510</b>	<b>129</b>	<b>3,752</b>	<b>33</b>	<b>10,424</b>	<b>897,462</b>
<b>31 March 2021</b>	<b>50,801</b>	<b>682,230</b>	<b>106,248</b>	<b>1,691</b>	<b>840,970</b>	<b>4,317</b>	<b>152</b>	<b>3,181</b>	<b>68</b>	<b>7,718</b>	<b>848,688</b>

## EMH HOUSING AND REGENERATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

	2022 £'000	2021 £'000
<b>13 TANGIBLE FIXED ASSETS (CONTINUED)</b>		
The net book value of housing properties comprises		
Freehold	865,952	819,619
Long leasehold	21,086	21,351
	887,038	840,970

Additions to housing properties includes:

Capitalised interest (at the Group average borrowing rate)	2,776 4.45%	2,419 4.50%
Direct administration costs	2,530	2,490

There were no other fixed assets held under finance lease at the year-end (2021: £nil).

#### 14 FIXED ASSET INVESTMENTS

At 1 April	1,455	1,590
Transfer in year	(124)	(135)
At 31 March	1,331	1,455

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 disposal and outright sale	5,162	5,758
Schemes in development	10,204	9,144
	15,366	14,902



## EMH HOUSING AND REGENERATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

#### **16 IMPAIRMENT OF HOUSING & STOCK**

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##### 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.

	2022 £'000	2021 £'000
<b>17 TRADE AND OTHER DEBTORS</b>		
Current tenant arrears	3,487	2,743
Less provision for bad and doubtful debts	(1,992)	(1,920)
Former tenant arrears	1,245	1,118
Less provision for bad and doubtful debts	(1,245)	(1,118)
Trade debtors	245	344
Less provision for trade debtors	(3)	(42)
Prepayments and accrued income	1,333	12,159
Other debtors	3	9
Amounts owed by group undertakings	3,519	2,938
<b>Total debtors</b>	<b>6,592</b>	<b>16,231</b>
Due within one year	6,592	16,231
<b>18 CURRENT ASSET INVESTMENTS</b>		
Bank deposits	18,415	58,584

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

FOR THE YEAR ENDED 31 MARCH 2022

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>19 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>		
Loans and overdrafts (see note 21)	20,935	8,669
Trade creditors	5,828	4,608
Rent received in advance	3,614	3,589
Accruals and deferred income	7,257	7,196
Other creditors	198	328
Pension deficit contributions	-	1
Amounts due to group undertakings	4,912	3,075
	<b>42,744</b>	<b>27,466</b>

<b>20 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR</b>		
Loans and overdrafts (see note 21)	472,241	493,199
Deferred government grants (see note 24)	268,087	265,499
Homebuy grant payable	5,193	5,554
Recycled capital grant fund (see note 23)	8,503	7,876
Pension deficit contributions	1	5
	<b>754,025</b>	<b>772,133</b>

<b>21 LOANS</b>		
Bank loans	129,214	137,718
The Housing Finance Corporation	26,247	26,319
MOR Homes loan	37,500	37,500
Pension Insurance Corporation PLC loan	100,000	100,000
Bond finance from emh treasury PLC	200,215	200,331
	<b>493,176</b>	<b>501,868</b>

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	20,935	8,669
Between one and two years	8,139	19,532
Between two and five years	37,377	25,455
In more than five years	426,725	448,212
	<b>493,176</b>	<b>501,868</b>

The loan valuations above include an increase of £385k (2021: £712k) 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 2022

	<b>At 1 April 2021 £'000</b>	<b>Cash flows £'000</b>	<b>Other non-cash changes £'000</b>	<b>At 31 March 2022 £'000</b>
<b>22 ANALYSIS OF CHANGES IN NET DEBT</b>				
Cash and cash equivalents	22,612	11,077	-	33,689
<u>Borrowings</u>				
Debt due within one year	(8,669)	8,669	(20,935)	(20,935)
Debt due after one year	(493,199)	23	20,935	(472,241)
	(501,868)	8,692	-	(493,176)
<b>Total Net Debt</b>	<b>(479,256)</b>	<b>19,769</b>	<b>-</b>	<b>(459,487)</b>

**23 RECYCLED CAPITAL GRANT FUND**

	<b>Recycled capital grant fund £'000</b>
At 1 April 2021	7,876
Utilised during the year	(753)
Interest credited to the fund	17
Transferred to fund during the year	1,363
At 31 March 2022	8,503

**24 DEFERRED GOVERNMENT GRANTS**

	<b>Social housing grant £'000</b>	<b>Other government grant £'000</b>	<b>Total £'000</b>
At 1 April 2021	250,957	14,542	265,499
Received in the year	5,580	330	5,910
Released to income in the year	(2,291)	(133)	(2,424)
Disposed in the year	(862)	(36)	(898)
At 31 March 2022	253,384	14,703	268,087

## EMH HOUSING AND REGENERATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

#### 25 OTHER PROVISIONS

	Leave Pay £'000	Total £'000
At 1 April 2021	458	458
Provisions reversed during the year	(116)	(116)
At 31 March 2022	342	342

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 2022

	The Pensions Trust - SHPS	The Pensions Trust - Growth Plan	Leicestershire County Council	Derbyshire County Council
		£'000		
Net liability at 1 April 2021	7,376	6	490	6,767
Loss in the period charged to the profit & loss account (Surplus) in the period charged to other comprehensive income	173 (2,597)	-	210 (567)	774 (4,473)
Deficit contribution paid	(795)	(2)	(133)	(275)
Net liability/(asset) at 31 March 2022	4,157	1	-	2,793

##### 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 2022

**26 EMPLOYEE BENEFITS (CONTINUED)**

**The Pensions Trust - Social Housing Pension Scheme (continued)**

For financial years ending on or before 31 March 2018, it has not been possible for the company to obtain sufficient information to enable it to account for the Scheme as a defined benefit scheme, therefore the company has accounted for the Scheme as a defined contribution scheme.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

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 2021. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2022 to 28 February 2023 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.

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Present values of defined benefit obligation, fair value of assets and defined benefit asset/(liability)</b>		
Fair value of plan assets	29,890	27,511
Present value of defined benefit obligation	(34,047)	(34,887)
Defined benefit (liability)/asset to be recognised	(4,157)	(7,376)
<b>Reconciliation of opening and closing balances of the defined benefit obligation</b>		
Defined benefit obligation at start of period	34,887	27,163
Expenses	20	20
Interest expense	759	639
Actuarial losses/(gains) due to scheme experience	2,106	(142)
Actuarial losses/(gains) due to changes in demographic assumptions	(511)	121
Actuarial losses/(gains) due to changes in financial assumptions	(2,750)	7,491
Benefits paid and expenses	(464)	(405)
Defined benefit obligation at end of period	34,047	34,887
<b>Reconciliation of opening and closing balances of the fair value of plan assets</b>		
Fair value of plan assets at start of period	27,511	23,813
Interest income	606	568
Experience on plan assets (excluding amounts included in interest income) - gain/(loss)	1,442	2,755
Contributions by the employer	795	780
Benefits paid and expenses	(464)	(405)
Fair value of plan assets at end of period	29,890	27,511

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2021 to 31 March 2022 was £2,048,000.

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

FOR THE YEAR ENDED 31 MARCH 2022

**26 EMPLOYEE BENEFITS (CONTINUED)**

**The Pensions Trust - Social Housing Pension Scheme (continued)**

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>Defined benefit costs recognised in statement of comprehensive income (SOCl)</b>		
Expenses	20	20
Net interest expense	153	71
Defined benefit costs recognised in statement of comprehensive income (SoCl)	173	91
<b>Defined benefit costs recognised in other comprehensive income</b>		
Experience on plan assets (excluding amounts included in net interest cost) - gain/(loss)	1,442	2,755
Experience gains and losses arising on the plan liabilities - (loss)/gain	(2,106)	142
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - (loss)/gain	511	(121)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - (loss)/gain	2,750	(7,491)
Total amount recognised in other comprehensive income - (loss)/gain	2,597	(4,715)
<b>Assets</b>		
Global Equity	5,736	4,385
Absolute Return	1,199	1,519
Distressed Opportunities	1,070	794
Credit Relative Value	993	866
Alternative Risk Premia	986	1,036
Fund of Hedge Funds	-	3
Emerging Markets Debt	870	1,111
Risk Sharing	984	1,002
Insurance-Linked Securities	697	661
Property	807	571
Infrastructure	2,129	1,834
Private Debt	766	656
Opportunistic Illiquid Credit	1,004	699
High Yield	258	824
Opportunistic Credit	106	754
Cash	102	-
Corporate Bond Fund	1,994	1,626
Liquid Credit	-	328
Long Lease Property	769	539
Secured Income	1,114	1,144
Liability Driven Investment	8,340	6,992
Currency Hedging	(117)	-
Net Current Assets	83	167
Total assets	29,890	27,511

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

FOR THE YEAR ENDED 31 MARCH 2022

**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**

	<b>2022</b>	<b>2021</b>
	<b>% per</b>	<b>% per</b>
	<b>annum</b>	<b>annum</b>
Discount Rate	2.79	2.19
Inflation (RPI)	3.54	3.26
Inflation (CPI)	3.17	2.87
Salary Growth	4.17	3.87
	75% of	75% of
Allowance for commutation of pension for cash at retirement	maximum allowance	maximum allowance

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:

	<b>Life</b>
	<b>expectancy</b>
	<b>at age 65</b>
	<b>(Years)</b>
Male retiring in 2022	21.1
Female retiring in 2022	23.7
Male retiring in 2042	22.4
Female retiring in 2042	25.2

We have been notified 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 has been advised to seek clarification from the Court on these items. This process is ongoing and the matter is unlikely to be resolved before the end of 2024 at the earliest. It is recognised that this could potentially impact the value of Scheme liabilities, but given the current level of uncertainties, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

**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 2022

**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.

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b><u>Present Value of provision</u></b>		
Present value of provision at period end	1	6
<b><u>Reconciliation of opening and closing provisions</u></b>		
Provision at start of period	6	7
Deficit contribution paid	(2)	(1)
Remeasurement - amendments to the contribution schedule	(3)	-
Provision at the end of period	1	6



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

FOR THE YEAR ENDED 31 MARCH 2022

**26 EMPLOYEE BENEFITS (CONTINUED)**

**The Pensions Trust - The Growth Plan (continued)**

Income & Expenditure impact

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

Rate of discount per annum	2.35%	0.66%
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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	
	2022 £'000	2021 £'000	2022 £'000	2021 £'000
Fair value of employer assets	7,632	6,784	35,935	34,194
Present value of funded liabilities	(6,971)	(7,274)	(38,663)	(40,892)
Net underfunding in funded plans	661	(490)	(2,728)	(6,698)
Present value of unfunded liabilities	-	-	(65)	(69)
Restriction of pension fund surplus	(661)	-	-	-
Net (liability)/asset	-	(490)	(2,793)	(6,767)

The Leicestershire County Council scheme is in a net asset position. As this net asset is not material and it is not expected that it is recoverable, then it has been capped to nil. It is possible that this surplus 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	7,274	5,398	40,892	32,870
Opening value of unfunded liabilities	-	-	69	62
Current service cost	199	155	635	451
Interest cost on obligations	147	125	814	751
Members contributions	27	28	84	86
Benefits paid	(103)	(118)	(1,163)	(1,021)
Unfunded benefits paid	-	-	(4)	(4)
Changes in financial assumptions	(547)	1,646	(2,444)	7,641
Changes in demographic assumptions	(37)	86	(235)	490
Other experience	11	(46)	80	(365)
Closing value of funded liabilities	6,971	7,274	38,663	40,892
Closing value of unfunded liabilities	-	-	65	69

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

FOR THE YEAR ENDED 31 MARCH 2022

**26 EMPLOYEE BENEFITS (CONTINUED)**

**Local government pension schemes (continued)**

	Leicestershire County Council		Derbyshire County Council	
	2022	2021	2022	2021
<b>Reconciliation of fair value of plan assets</b>				
Opening fair value of plan assets	6,784	5,495	34,194	28,877
Interest on assets	136	127	675	656
Members contributions	27	28	84	86
Employers contributions	133	145	271	280
Benefits paid	(103)	(118)	(1,163)	(1,021)
Unfunded benefits paid	-	-	(4)	(4)
Contributions in respect of unfunded benefits paid	-	-	4	4
Return on assets excluding net interest	655	1,107	1,874	5,316
Closing fair value of plan assets	7,632	6,784	35,935	34,194
<b>Expenses recognised in the profit and loss account</b>				
Current service cost	199	155	635	451
Interest cost	11	(2)	139	95
Total pension costs recognised in the profit and loss account	210	153	774	546
<b>Amounts recognised in other comprehensive income</b>				
Changes in financial assumptions	(547)	1,646	(2,444)	7,641
Changes in demographic assumptions	(37)	86	(235)	490
Other experience	11	(46)	80	(365)
Return on assets excluding interest	(655)	(1,107)	(1,874)	(5,316)
Restriction of pension fund surplus	661	-	-	-
Total amounts recognised in other comprehensive income	(567)	579	(4,473)	2,450
<b>Reconciliation of the effect of the restriction on pension fund surplus</b>				
Net asset ceiling at 1 April 2021	-	-	-	-
Restriction of pension fund surplus	661	-	-	-
Net asset ceiling at 31 March 2022	661	-	-	-

The estimated split of plan assets at each period end is as follows:

Equities	59%	61%	65%	63%
Bonds	29%	26%	23%	23%
Property	8%	7%	8%	8%
Cash	4%	6%	4%	6%
	100%	100%	100%	100%

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

FOR THE YEAR ENDED 31 MARCH 2022

**26 EMPLOYEE BENEFITS (CONTINUED)**

**Local government pension schemes (continued)**

Principal actuarial assumptions at the year end were as follows:

Inflation/pension increase rate	3.2%	2.9%	3.2%	2.9%
Salary increase rate	3.7%	3.4%	3.9%	3.6%
Discount rate	2.7%	2.0%	2.7%	2.0%

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2021 model, with a 0% 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	21.5	24.0	21.1	23.8
Future pensioners	22.4	25.7	22.2	25.6

A commutation allowance is included for future retirements to elect to take 50% of the maximum additional tax-free cash up to HMRC limits pre-April 2008 service and 75% of the maximum tax-free cash post-April 2008 service.

The last full actuarial valuation of the both the DCC scheme and the LCC scheme were performed on 31 March 2019. The Association expects to contribute £271,000 to the DCC scheme and £137,000 to the LCC scheme in the period to 31 March 2023.

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

Change in assumptions at 31 March 2022	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%	149	2%	670
1 year increase in member life expectancy	4%	279	4%	1,549
0.1% increase in salary increase rate	0%	25	0%	61
0.1% increase in pension increase rate (CPI)	2%	123	2%	603

## EMH HOUSING AND REGENERATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

	2022	2021
	£'000	£'000

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#### 27 SHARE CAPITAL

##### Share capital

Allotted, issued and fully paid at 1 April and 31 March	-	-
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At 31 March 2022, the Association had 8 ordinary shares (2021: 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

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Non-cancellable operating lease rentals are payable as follows:

Less than one year	206	164
Between one and five years	1	50
	<u>207</u>	<u>214</u>

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During the year £238k was recognised as an expense in the statement of comprehensive income in respect of operating leases (2021: £261k).

#### 29 CAPITAL COMMITMENTS

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Capital expenditure that has been contracted for but has not been provided for in the financial statements	100,892	94,195
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##### Sources of Funding

Government Grants	5,476	10,097
Working Capital	43,934	73,013
Secured & Available Facilities	51,482	11,085

Capital expenditure that has been authorised by the Board of Management but has yet been contracted for	142,610	92,098
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##### Sources of Funding

Government Grants	11,625	8,465
Secured & Available Facilities	130,985	83,633

## EMH HOUSING AND REGENERATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

**2022**                      **2021**  
**£'000**                      **£'000**

#### **30 RELATED PARTIES**

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No board members or shareholders at 31 March 2022 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	38	38
Midlands Rural Housing	247	245
East Midlands Housing Group Limited	135	132

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	12,173	11,355
emh treasury plc	9,277	9,306
Sharpes Garden Services Limited	4,320	3,883
emh Care & Support Limited	577	408
emh Development Company Ltd	10,061	3,843

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	2,150	1,721
emh Care & Support Limited	22	33
Midlands Rural Housing	152	100
emh Development Company Limited	1,195	1,084

## EMH HOUSING AND REGENERATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2022

	<b>2022</b>	<b>2021</b>
	<b>£'000</b>	<b>£'000</b>
<b>30 RELATED PARTIES (CONTINUED)</b>		
<hr/>		
<u>Creditors: amounts falling due within one year</u>		
emh Sharpes	263	290
emh Care & Support Limited	544	60
emh treasury plc	1,480	1,366
emh Development Company Limited	2,604	1,359
<u>Loans</u>		
emh treasury plc	200,215	200,331

### **31 ULTIMATE PARENT COMPANY**

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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](http://www.emhgroup.org.uk)

