emh Housing and Regeneration Limited

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2025

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 AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

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ASSOCIATION INFORMATION

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BOARD MEMBERS

Tim Brown – Chair (Resigned September 2024)
Paul Casey – Chair (Appointed October 2024)
Shabir Ismail
Chandrakant Kataria
Paul Parkinson
Gail Puttock
Masaud Subedar

PRINCIPAL BANKER

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AUDITOR

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SECRETARY AND REGISTERED HEAD OFFICE

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

EMH HOUSING AND REGENERATION LIMITED
REPORT OF THE BOARD

FOR THE YEAR ENDED 31 MARCH 2025

The Board of emh Housing and Regeneration Limited (the Association) are pleased to present its financial statements for the year ended 31 March 2025.

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 21,000 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 East Midlands Housing Group (emh group). The consolidated accounts for emh group are available on its website www.emh.co.uk.

Corporate Mission and Aims

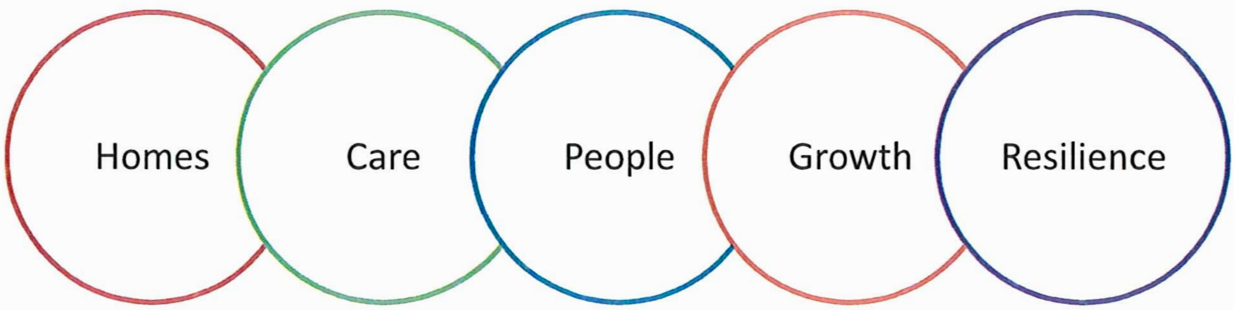
The Associations aim is to provide homes and care to improve opportunities for people. We will do this by delivering the basics brilliantly and continuous improvement. This is underpinned by our corporate values: -

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 provide better housing and care, leading the market as a service provider and employer**". A range of metrics have been developed to measure our journey towards the vision.

Future Plans

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



Future Plans (continued)

We continue to focus on our 3 year business plan to give greater certainty and control over our business moving forward. The impact of inflation and economic insecurity, wars, climate change, demographics and artificial intelligence make it much harder to predict events and market conditions than before. The UK is also going through profound political upheavals at local, regional and national levels.

We want to do the basics brilliantly and have identified 10 strategic priorities to achieve this.

- Achieve strong and effective governance
- Build new homes under the Strategic Partnership
- Deliver repairs & customer services that are fit for purpose
- Strengthen customer voice with a new Resident Influence Committee
- Collate comprehensive stock information to inform asset management decisions
- Ensure provision of reliable & secure data on homes, customers & people
- Develop robust processes to ensure compliance with Health & Safety requirements
- Review care services & assets to deliver effectiveness & viability
- Develop staff culture to support EDI, welling and psychological safety
- Review financial plan to meet liquidity requirements, deliver VfM and ensure sufficient headroom in our covenants.

1. Homes

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

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

2. Care

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

- We will continuously monitor the quality and compliance of our services, ensuring they remain safe, effective, caring, responsive and well led;
- We will continue to build mixed tenure, Extra Care schemes including provision for working age people;
- We will improve financial viability of the Care Business, generating sustainable surpluses, and demonstrating strong budgetary controls within a delegated framework ensuring our assets meet all required standards and are fit for purpose;

Future Plans (continued)

- We will address the people resource and skills gap within the business, deliver higher retention rates and lower employee turnover; introducing an effective people management and training matrix; and highly productive, motivated and engaged colleagues.
- We will ensure all care records are digitised;
- We will draw on our experience and expertise in care to lead on safeguarding compliance for all customers and colleagues.

3. People

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

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

4. Growth

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

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

5. Business Resilience

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

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

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

EMH HOUSING AND REGENERATION LIMITED
REPORT OF THE BOARD
FOR THE YEAR ENDED 31 MARCH 2025

Board Membership, remuneration and attendance

Name	Remuneration	Board Meeting Attendance
Paul Casey ** Chair	Parent Nominee Paid by emh Group	5/5
Tim Brown *	Parent Nominee Paid by emh Group	3/3
Shabir Ismail	Parent Nominee Paid by emh Group	5/5
Chandrakant Kataria	Paid as an executive	5/5
Paul Parkinson	£5,107.92	4/5
Gail Puttock	Parent Nominee Paid by emh Group	4/5
Masuad Subedar	£5,107.92	3/5

* Resigned 30 September 2024
** Appointed Chair 1 October 2024

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 2024. The association has adopted and is compliant with the National Housing Federation 2020 Code of Governance alongside maintaining its G1 grading for Governance from the Regulator of Social Housing following a Regulatory Inspection.

During the regulator review in late 2024 we were awarded a C2, and whilst this is compliant we have agreed a C2 to C1 improvement plan with our Customers, Board and Regulator. Throughout 2024/25 our customers played a key role in shaping and influencing service delivery, policy making and strategy. Following its first year of operation, the Resident Influence Committee has become a sub-committee of emh Group Board, with plans for the new resident Chair of the Committee to become a member of emh Homes Board. This will provide further assurance that the Board is hearing the voice of the customer. In addition, the Resident Scrutiny Panel regularly presents its findings directly to emh Homes Board.

Operating Environment and Risk

The needs of our customers continue to change with many requiring more from us as a care and housing provider. The ongoing rises in living costs, especially heating, fuel and food, are placing considerable financial burdens on many of our tenants and residents. With an ageing population and a fragile care system, we face challenges to both the housing and care sectors. We want to remove the stigma attached to the social housing and care sectors and to bring about a change in perceptions so our customers, colleagues and others across the sectors can be proud about social housing and care. We have a lot to achieve, but emh homes is already proud to provide housing and care services to residents and service users in circa 21,000 properties with a turnover of £131m and circa 422 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.

Operating Environment and Risk (continued)

Following the Better Social Housing Review 2022, we have developed a comprehensive action plan to implement its recommendations. We support the Review's emphasis on housing providers focusing on their core purpose, and we welcome the associated commitments to place-shaping and levelling up.

The Review anticipated key provisions of the Social Housing (Regulation) Act, including enhanced consumer regulation, increased powers for the Housing Ombudsman, and the introduction of Tenant Satisfaction Measures. We fully support these changes, which are designed to provide tenants with greater confidence in the quality and responsiveness of the services they receive.

We recognise the importance of being held accountable. While criticism of the sector can be challenging, we accept the legitimacy of public and media scrutiny where standards fall short. We are committed to preventing such instances in our organisation and to taking prompt corrective action where needed.

As members of PlaceShapers, we are mindful of our broader impact on communities. Our Environmental, Social and Governance (ESG) strategy supports this commitment through initiatives including digital inclusion, waste reduction, and town centre regeneration, all aligned with selected United Nations Sustainable Development Goals, with ongoing performance monitoring.

We are proud to have retained our Investors in People Gold accreditation. This reflects our continued investment in staff development, including the expansion of our internal team of cultural transformation practitioners and the launch of an Aspiring Leaders Programme alongside our existing Aspiring Managers Programme, with a strong emphasis on talent development from within. Our transition to permanent home and flexible working arrangements has been well supported, with training and resources provided to ensure effective delivery. All managers have also completed coaching training to enhance support for colleagues across the Group.

Due to the continued diligence and commitment of our Income team, we exceeded our year-end arrears target, achieving a level of 3.08% against a target of 3.50%. In addition, we have benefited from strong property sales, supported by ongoing buoyancy in the housing market across our operating areas. Looking ahead, we recognise that the cost of living crisis may present further financial pressures for both our customers and the organisation. However, stress testing undertaken as part of our financial planning confirms that, while short-term financial performance may fluctuate, the long-term viability of the organisation remains robust. We will continue to closely monitor the situation and take appropriate action to safeguard financial stability.

Our core areas of operation—the provision of affordable housing and care and support services—remain both diverse and complex. The ongoing housing crisis presents a range of interrelated challenges, including insufficient supply, limited availability, increasing homelessness, and rising concerns about living standards. With nearly 80 years of operational experience, and particular expertise in rural, specialist, and supported housing, we continue to play an influential role at both local and national levels, engaging with stakeholders within and beyond the housing sector.

Through the strengthening of our Strategic Partnership with Homes England, we are now positioned to deliver up to 500 new homes per year across the region. This development pipeline comprises a mix of social rent, affordable rent, and low-cost home ownership, supporting the creation of sustainable, balanced communities. Our programme increasingly includes land-led schemes, complementing traditional package deals and offering greater control over design and delivery.

In parallel, we are committed to improving the quality and sustainability of our existing homes. Given that residential properties account for approximately one-third of the UK's carbon emissions, it is a strategic priority to invest in energy efficiency upgrades. Our aim is to make homes warmer, better insulated, and more affordable to heat, supporting both environmental targets and the wellbeing of our residents.

Operating Environment and Risk (continued)

We remain firmly committed to addressing homelessness through a strategic approach focused on prevention, reduction, and effective response. We believe that everyone should have access to safe, secure, and affordable housing, and we actively support this mission through partnerships with six local authority homelessness collaborations across the East Midlands. These partnerships are delivering practical solutions, including temporary accommodation, move-on housing, and tenancy sustainment support, to help individuals achieve long-term housing stability. Our commitment also includes delivery of Housing First initiatives, designed to support those with the most complex needs.

Our core mission—providing housing and care that improve life opportunities—remains unchanged, even amid sector-wide challenges and economic uncertainty. This enduring social purpose continues to guide our strategic and operational decisions. During the year, the Regulator of Social Housing confirmed a V2/G1 rating for emh, reflecting strong governance and financial stability, but also recognising increased exposure to external risks. We also received our first consumer standard rating of C2, and whilst this is compliant, we have agreed a C2 to C1 improvement plan with our Customers, Board and Regulator. This assessment is consistent with broader sector trends, given ongoing pressures across the economy and we fully accept the rating. In addition, we were pleased to retain an A (Stable) credit rating from Standard & Poor's, which acknowledges both the strength of our long-term strategy and the broader challenges currently facing the social housing sector.

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

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

- Winner of Inside Housing Development Award – Best Development – Mixed - 2024
- Winner of Best Housing Provider 2025 at the East Midlands Energy Efficiency awards.
- Shortlisted for Large Residential Scheme of the Year 2024 at ProCon Leicester awards.
- Shortlisted for Travis Perkins Social Value Awards 2025.

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.

Achievements in the Year (continued)

Financial Performance (continued)

Year ended	31 March 2025 £millions/%	31 March 2024 £millions/%
INCOME AND EXPENDITURE		
Operating surplus	33.7	35.5
Operating margin (exc surplus on sales)	22.7%	24.5%
Operating margin – social housing lettings	24.3%	24.8%
STATEMENT OF FINANCIAL POSITION		
Total tangible fixed assets	1,159	1,065
Net assets	213.7	198.8
Properties in management at year end	20,976	20,599

Our operating surplus for the year was £33.7m, £1.9m lower than in 2024. This was predominately due to our social housing lettings activities where the operating margin was £29.8m (2024: £31.4m). Despite ongoing cost and resource pressures, particularly in relation to maintenance and estate management, we continue to invest in the improvement of our homes and the enhancement of our communities. A reduction in margin on 1st tranche sales has impacted in year alongside lower gain on asset disposals.

Total tangible fixed assets increased by £94m 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 energy efficiency programmes.

Net current assets decreased by £27.0m in the year; cash balances reduced to £19.6m at year end.

Borrowing increased from £594m to £614m. Revolving credit facility drawdowns were £20m with a total of £190m available to draw at the year end. Contractual loan repayments totalling £1m were repaid.

Our pension deficit liabilities decreased during the year from £4.3m to £2.9m, this is all relates to the SHPS scheme and was driven by favourable changes to the financial assumptions following the latest triennial revaluation. Our two LGPS schemes are both in surplus with a combined value of £16.3m. As it is not expected that these assets are recoverable then they are not recognised on the statement of financial position and are capped at £nil value.

Business Plan Objectives

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

- ✓ We achieved 68% tenant satisfaction;
- ✓ 99.3% of our homes are decent homes compliant;
- ✓ We have developed 441 new homes in year of which 432 were added to our portfolio;
- ✓ We achieved 151 1st tranche sales in year;
- ✓ We have sufficient liquidity for over 4 years.

Value for Money

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

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

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

During the year we completed 441 new units, which is broadly inline with our growth target as a Strategic Partner. The impacts of ongoing delays in planning, the challenges being faced by the construction industry and wider interest in land sales has caused a minor delay across our programme however our ongoing pipeline remains strong. At the year-end we had 991 new homes on site which will be delivered in future years and allow us to remain on track with our strategic partnerships and delivery aspirations. Now in the seventh year of the original Strategic Partnership with Homes England this is nearing completion. We are in the fourth year of phase 2 of the partnership, being awarded grant of £112m to complete 1,450 new properties over 5 years with £56.9m having been drawdown in year.

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

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 2025 by the Board. As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure. The corporate risk map forms the basis of the annual stress-tests undertaken with any mitigating actions identified in the Recovery plan.

The board, after reviewing the group and company budgets for 2025-26 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, unutilised loan facilities of £190m and retained bonds of £50m which gives significant headroom for committed spend and other forecast cash flows that arise;
- The group's ability to withstand other adverse scenarios such as higher interest rates and number of void properties.

The board believe the group and company has sufficient funding in place and expect the group to be in compliance with its debt covenants even in severe but plausible downside scenarios.

Consequently, the Board 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. A 3 year strategic internal audit plan sets out the audit programme in year with Regulatory Returns, Rent Setting, Disposals, Contract Management and Counterparty Risk being some of the key audits in year. All received reasonable or substantial assurance and will be revisited in future programmes to ensure compliance. Alongside this, quarterly Business Critical Control Audits provide further assurance on compliance and best practice within the Group. No high level recommendations were raised in year.

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.

Internal Controls (continued)

The Group Chief Executive and Directors have reviewed the effectiveness of the internal control and assurance arrangements and have confirmed to the Board that 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.

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

The Association's Board are 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: Accounting by Registered Social Housing Providers Update 2018 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business; 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 members are responsible for keeping adequate accounting records that are sufficient to show and explain the association's transactions and disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. They are also responsible for safeguarding the assets of the association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The board is responsible for ensuring that the report of the board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

Financial statements are published on the group website www.emh.co.uk in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the association's website is the responsibility of the board members. The board members' responsibility also extends to the ongoing integrity of the financial statements contained therein.

EMH HOUSING AND REGENERATION LIMITED
REPORT OF THE BOARD
FOR THE YEAR ENDED 31 MARCH 2025

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.emh.co.uk.

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

On 25 May 2019, the EU General Data Protection Regulations (GDPR) and following this the Data Protection Act 2018 came into effect to strengthen and standardise data protection laws in the UK. We have a dedicated

Data Protection Officer who has supported the organisation to ensure that the new requirements are embedded across all of our business areas, from a legislative, policy and operational perspective. As of 31 March 2025, the Association was compliant with GDPR and the Data Protection Act 2018.

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 2025. Full compliance with the NHF Code of Governance has been confirmed. Full compliance with the RSH Governance and Financial Viability Standard has been confirmed.

Disclosure of information to auditor

The board members who held office at the date of approval of this report of the board 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 board member has taken all the steps that they ought to have taken as a board members to make themselves aware of any relevant audit information and to establish that the Association's auditor is aware of that information.

Paul V Casey
Paul V Casey (Aug 30, 2025 18:23:09 GMT+1)

Paul Casey
Chair – emh Homes

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2025 and of the Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

We have audited the financial statements of emh Housing and Regeneration Limited ("the Association") for the year ended 31 March 2025 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cashflows and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remain independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Board Members' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

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

Our responsibilities and the responsibilities of the Board with respect to going concern are described in the relevant sections of this report.

Other information

The Board are responsible for the other information. The other information comprises the information included in the Report of the Board, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative or Community Benefit Societies Act 2014 to report to you if, in our opinion:

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

Responsibilities of the Board

As explained more fully in the Statement of Board's Responsibilities in Respect of the Board's Report and the Financial Statements, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are responsible for 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 the board either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

Extent to which the audit was capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

Non-compliance with laws and regulations

Based on:

- Our understanding of the Association and the industry in which it operates;
- Discussion with management and those charged with governance; and
- Obtaining an understanding of the Association's policies and procedures regarding compliance with laws and regulations

we considered the significant laws and regulations to be the Co-operative and Community Benefit Society Act 2014, Financial Reporting Standard 102 (United Kingdom Generally Accepted Accounting Practice), Accounting Direction for Private Registered Providers of Social Housing 2022 and UK tax legislation.

The Association is also subject to laws and regulations where the consequence of non-compliance could have a material effect on the amount or disclosures in the financial statements, for example through the imposition of fines or litigations. We identified such laws and regulations to be the Regulator of Social Housing's Regulatory Standards, health and safety legislation, the Bribery Act 2010, employment law and data protection.

Our procedures in respect of the above included:

- Review of minutes of meeting of those charged with governance for any instances of non-compliance with laws and regulations;
- Review of correspondence with regulatory and tax authorities for any instances of non-compliance with laws and regulations;
- Review of financial statement disclosures and agreeing to supporting documentation; and
- Review of legal expenditure accounts to understand the nature of expenditure incurred.

Fraud

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Association's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Review of the fraud register for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

Extent to which the audit was capable of detecting irregularities, including fraud (continued)
Based on our risk assessment, we considered the areas most susceptible to fraud to be management override including the posting of inappropriate journals to manipulate financial results and management bias in accounting estimates and fraud in revenue recognition in relation to year end property sales cut-off.

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation;
- A review of estimates and judgements applied by Management in the financial statements to assess their appropriateness and the existence of any systematic bias;
- Testing a sample of property sales one month either side of year end to ensure that they are recognised in the correct period; and
- Reviewing bank statements to identify property sale transactions and ensuring that they are appropriately recorded in the correct accounting period.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

Our audit procedures were designed to respond to risks of material misstatement in the financial statements, recognising that the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery, misrepresentations or through collusion. There are inherent limitations in the audit procedures performed and the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely we are to become aware of it.

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

Use of our report
This report is made solely to the members of the Association, as a body, in accordance with the Housing and Regeneration Act 2008 and the Co-operative and Community Benefit Societies Act 2014. Our audit work has been undertaken so that we might state to the Association's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Association and the members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:
Samantha Lifford
FC86A145C4F04E5...

Samantha Lifford (Senior Statutory Auditor)
for and on behalf of BDO LLP, Statutory Auditor
Birmingham, UK
17 September 2025
BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

EMH HOUSING AND REGENERATION LIMITED
STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2025

	Note	2025 £'000	2024 £'000
Turnover	3	131,381	128,234
Cost of sales	3	(12,846)	(16,683)
Operating costs	3	(88,715)	(80,189)
Gain on disposal of tangible fixed assets	8	3,833	4,167
Operating surplus	3	33,653	35,529
Interest receivable and similar income	9	1,230	1,184
Interest payable and similar charges	10	(22,647)	(22,053)
Finance income	11	(10)	208
Gift aid and donations received		2,285	1,150
Surplus before tax		14,511	16,018
Tax on surplus	12	-	(110)
Surplus for the year	5	14,511	15,908
Other comprehensive income			
Remeasurement of Local Government Pension Scheme	26	(77)	(405)
Remeasurement of Social Housing Pension Scheme	26	500	(1,011)
Total comprehensive income for the year		14,934	14,492

Turnover is derived from continuing activities.

The notes on pages 22 to 57 form part of these financial statements.

EMH HOUSING AND REGENERATION LIMITED
STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2025

	Note	2025 £'000	2024 £'000
Fixed assets			
Housing properties	13	1,140,976	1,049,387
Other tangible fixed assets	13	9,408	9,385
Investments	14	3,935	992
HomeBuy loan receivable		4,907	5,047
Total fixed assets		1,159,226	1,064,811
Current assets			
Properties for sale and work in progress	15	19,219	19,203
Trade and other debtors	17	16,516	20,374
Short term investments	18	-	2,991
Cash and cash equivalents		19,568	31,578
Total current assets		55,303	74,146
Creditors: amounts falling due within one year	19	(43,029)	(34,866)
Net current assets		12,274	39,280
Creditors: amounts falling due after one year	20	(954,867)	(900,803)
Provision for liabilities			
Other provisions	25	-	(210)
Pension liability	26	(2,941)	(4,320)
Net assets		213,692	198,758
Capital and reserves			
Called up share capital	27	-	-
Revenue reserves		213,692	198,758
Total funds		213,692	198,758

The notes on pages 22 to 57 form part of these financial statements.

These financial statements were approved by the board of directors on 25 July 2025 and were signed on its behalf by:

Paul V Casey
Paul V Casey (Aug 30, 2025 18:23:09 GMT+1)

Paul Casey Chairman

Gail Puttock
Gail Puttock (Aug 31, 2025 09:54:34 GMT+1)

Gail Puttock Board Member

J.Tilley
J.Tilley (Sep 1, 2025 10:59:56 GMT+1)

Joanne Tilley Secretary

EMH HOUSING AND REGENERATION LIMITED
STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31 MARCH 2025

	Called up share capital £'000	Revenue reserve £'000	Total equity £'000
Balance at 1 April 2024	-	198,758	198,758
Total comprehensive income for the period			
Surplus for the year	-	14,511	14,511
Remeasurement of Pension Schemes	-	423	423
Balance at 31 March 2025	-	213,692	213,692
Balance at 1 April 2023	-	184,266	184,266
Total comprehensive income for the period			
Surplus for the year	-	15,908	15,908
Remeasurement of Pension Schemes	-	(1,416)	(1,416)
Balance at 31 March 2024	-	198,758	198,758

The notes on pages 22 to 57 form part of these financial statements.

EMH HOUSING AND REGENERATION LIMITED
CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2025

	Note	2025 £'000	2024 £'000
Cashflows from operating activities			
Operating surplus for the year	3	33,653	35,529
Adjustments for non-cash items:			
Depreciation of tangible fixed assets	13	20,049	18,848
Impairment of tangible fixed assets	13	-	(245)
Loan amortisation charges		493	1,865
Deferred government grants amortisation	24	(2,716)	(2,612)
Pensions costs less contributions payable	26	(996)	(970)
Corporation Tax	12	-	(110)
Net book value sales of tangible fixed assets	8	2,361	2,952
(Increase)/decrease in stock		(16)	2,998
Decrease/(increase) in trade & other debtors		3,867	(9,550)
Increase in trade and other creditors		3,983	7,283
(Decrease)/increase in provisions and employee benefits		(210)	21
Net cash from operating activities		**60,468**	**56,009**
Cashflows from investing activities			
Interest received		1,222	1,205
Gift aid received		2,285	1,150
Acquisition of tangible fixed assets		(104,727)	(110,226)
Proceeds from receipt of government grants		42,123	19,528
Capitalised development expenditure		(3,425)	(2,956)
(Acquisition)/disposal of investment securities		(2,943)	47
Disposal/(acquisition) of short term investments		2,991	(1,819)
Net cash from investing activities		**(62,474)**	**(93,071)**
Cashflow from financing activities			
Proceeds from new loans		20,023	145,542
Interest paid		(28,738)	(27,001)
Repayment of borrowings		(1,289)	(83,409)
Net cash from financing activities		**(10,004)**	**35,132**
Net change in cash and cash equivalents		(12,010)	(1,930)
Cash and cash equivalents at start of period		31,578	33,508
Cash and cash equivalents at end of period		**19,568**	**31,578**

The notes on pages 22 to 57 form part of these financial statements.

1 LEGAL STATUS

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

2 PRINCIPAL ACCOUNTING POLICIES

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

The presentational and functional 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.emh.co.uk. 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 board members, 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.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Going concern

The Group prepares a 30 year business plan which is updated and approved on an annual basis. The most recent business plan was approved in June 2025 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 association budgets for 2025/26 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 association have adequate resources to continue in business for the foreseeable future. In order to reach this conclusion, the Board have considered:

- the property market – budget and business plan scenarios have taken account of delays in handovers, lower numbers of property sales, reductions in sales values and potential conversion of market sale to social homes;
- Maintenance costs – budget and business plan scenarios have been modelled to take account of cost increases and delays in maintenance expenditure, with major works being phased into future years;
- Rent and service charge receivable – arrears and bad debts have been increased to allow for customer difficulties in making payments and budget and business plan scenarios to take account of potential future reductions in rents;

- Liquidity – current available cash, unutilised loan facilities of £190m and retained bonds of £50m which gives significant headroom for committed spend and other forecast cash flows that arise;
- The group's and association's ability to withstand other adverse scenarios such as higher interest rates and number of void properties.

The board believe the group and association 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 Board 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.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Basic financial instruments

Tenant arrears, trade and other debtors

Tenants arrears, trade and other debtors are recognised at an undiscounted amount of the cash or other consideration expected to be received net of impairment. 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 at an undiscounted amount of the cash or other consideration expected to be received net of impairment. 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 transaction 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.

Housing properties

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

Depreciation

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

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

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

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

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Housing properties (continued)

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%

Social housing grant

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

HomeBuy

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

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

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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.

Cash and cash equivalents
Comprise of cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the associations cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Impairment excluding stocks and deferred tax assets
Financial assets (including trade and other debtors)
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 impairment triggers for the reduction in value of housing properties, other tangible fixed assets, and properties for sale and work in progress, as held on the Statement of Financial Position have occurred through an annual assessment. Where a trigger is identified then an assessment will be performed and where there is evidence of impairment, 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 group, its recoverable amount is its fair value less costs to sell. The resulting impairment loss is recognised as expenditure in income and expenditure.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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 statement of financial position 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.

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

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

The Pensions Trust Social Housing Pension Scheme

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

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

Leicestershire County Council Pension Fund

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

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

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Employee benefits (continued)

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.

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.

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.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Expenses (continued)

Interest receivable and Interest payable

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

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

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

Key Judgements, Estimates and Assumptions

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

The recoverability of rent arrears and trade debtors

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

Impairment of property values

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

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

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

An obsolesce trigger for impairment has been identified and an impairment review has been performed. Further detail is provided in Note 16.

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Key Judgements, Estimates and Assumptions (continued)

Value of schemes in development

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

Recoverability of Stock

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

No triggers for impairment have been identified.

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.

3 PARTICULARS OF TURNOVER, COST OF SALES, OPERATING EXPENDITURE AND OPERATING SURPLUS

	Turnover	Cost of Sales	Operating costs	Operating surplus/ deficit	Turnover	Cost of Sales	Operating costs	Operating surplus/ deficit
		2025 £'000				2024 £'000		
Social housing lettings								
General needs	77,270	-	(57,325)	19,945	70,441	-	(52,124)	18,317
Supported housing and housing for older people	29,162	-	(25,898)	3,264	26,527	-	(23,166)	3,361
Low cost home ownership	9,213	-	(4,362)	4,851	8,212	-	(3,790)	4,422
	115,645	-	(87,585)	28,060	105,180	-	(79,080)	26,100
Other social housing activities								
Support activities	1	-	(76)	(75)	117	-	(168)	(51)
Sales of current asset properties	12,961	(12,846)	-	115	20,350	(16,683)	-	3,667
Other	1,732	-	(71)	1,661	1,704	-	(57)	1,647
	14,694	(12,846)	(147)	1,701	22,171	(16,683)	(225)	5,263
Total social housing	130,339	(12,846)	(87,732)	29,761	127,351	(16,683)	(79,305)	31,363
Non-social housing activities	847	-	(762)	85	706	-	(719)	(13)
Non housing activities	195	-	(221)	(26)	177	-	(165)	12
Total	**131,381**	**(12,846)**	**(88,715)**	**29,820**	**128,234**	**(16,683)**	**(80,189)**	**31,362**
Gain on disposal of tangible fixed assets				3,833				4,167
Operating surplus				**33,653**				**35,529**

3 SOCIAL HOUSING LETTINGS	General Needs	Supported housing and housing for older people £'000	Low cost home ownership	2025 Total £'000	2024 Total £'000
Rent receivable net of identifiable service charges	72,532	21,783	8,347	102,662	93,339
Service charges receivable	2,836	6,554	513	9,903	9,013
Net rents receivable	**75,368**	**28,337**	**8,860**	**112,565**	**102,352**
Amortised government grant	1,902	457	353	2,712	2,608
Other	-	368	-	368	220
Total income from lettings	**77,270**	**29,162**	**9,213**	**115,645**	**105,180**
Expenditure on lettings activities:					
Management	18,698	6,988	2,219	27,905	23,891
Service charge costs	4,644	7,566	631	12,841	11,265
Routine maintenance	15,490	6,034	29	21,553	20,104
Planned maintenance	2,633	966	30	3,629	3,947
Major repairs expenditure	788	551	91	1,430	487
Bad debts	298	162	41	501	866
Depreciation of housing properties	14,135	3,480	1,260	18,875	17,778
Other costs	639	151	61	851	742
Total expenditure on lettings	**57,325**	**25,898**	**4,362**	**87,585**	**79,080**
Operating surplus on lettings	**19,945**	**3,264**	**4,851**	**28,060**	**26,100**
Void losses	831	772	2	1,605	1,261

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

4 HOUSING STOCK	2024 Number	Additions Number	Disposals Number	Reclassified Number	2025 Number
Social housing accommodation					
General needs rented	9,833	147	(28)	29	9,981
Affordable rented	2,384	112	(1)	(10)	2,485
Supported housing & housing for older people	4,264	13	(1)	7	4,283
Low cost home ownership	2,246	163	(34)	(26)	2,349
Managed on behalf of other landlords	21	-	-	-	21
Total social housing managed	18,748	435	(64)	-	19,119
Non-social housing managed					
Leaseholders	633	1	(6)	-	628
Freehold	255	21	(10)	-	266
Other landlords	-	-	-	-	-
Commercial	28	-	-	-	28
Total non-social housing managed	916	22	(16)	-	922
Total housing stock	**19,664**	**457**	**(80)**	**-**	**20,041**
Garages and other non-habitable units	935	-	-	-	935
Total units managed	**20,599**	**457**	**(80)**	**-**	**20,976**
Housing units in development pipeline	**1,090**				**1,054**

At 31 March 2025 the Association owned 586 units (2024: 599) which are managed by agents.

	2025 £'000	2024 £'000
5 EXPENSES AND AUDITOR'S REMUNERATION		
Included in surplus are the following:		
Depreciation of housing properties	18,946	17,765
Depreciation of other fixed assets	1,103	1,083
Surplus of sale of fixed assets	3,833	4,167
Operating lease payments		
Motor vehicles	923	470
Office equipment	21	12
Land and buildings	22	23
Auditor's remuneration:		
Audit of these financial statements	57	55
Other services	32	25

	2025 Number	2024 Number
6 STAFF NUMBERS AND COSTS		

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

	2025 Number	2024 Number
Office staff	239	233
Wardens and caretakers	30	29
Operatives	153	153
	422	415

	2025 £'000	2024 £'000
Staff costs for the above persons:		
Wages and salaries	14,468	13,324
Social security costs	1,358	1,215
Pension costs	1,390	1,331
Termination benefits	353	79
	17,569	15,949

7 BOARD MEMBERS AND EXECUTIVE DIRECTORS

Remuneration of £11k and expenses of £Nil were paid by the Association to Board Members during the year (2024: Remuneration of £14k 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.emhco.uk.

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

	2025 Number	2024 Number
Bands		
£60,001 to £70,000	9	5
£70,001 to £80,000	3	6
£80,001 to £90,000	4	1
£90,001 to £100,000	1	1
£110,001 to £120,000	1	2
£120,001 to £130,000	1	-
£130,001 to £140,000	1	-

	2025 £'000	2024 £'000
8 SURPLUS ON DISPOSAL OF FIXED ASSETS		
Disposal proceeds	7,301	6,446
Grant abated	762	6
Cost of disposals	(4,230)	(2,285)
	3,833	4,167

9 INTEREST RECEIVABLE AND SIMILAR INCOME

Interest receivable from unlisted investments	1,230	1,184

	2025 £'000	2024 £'000
10 INTEREST PAYABLE AND SIMILAR CHARGES		
Loan interest	27,646	25,159
Amortisation of loan fees	547	495
Bond discount / premium	(12)	251
Commitment fees	-	551
Annual financing costs	205	229
FRS102 adjustment	(120)	204
Recycled capital grant fund	252	427
Less capitalised interest	(5,871)	(5,263)
	22,647	22,053

11 FINANCING INCOME AND COSTS

	2025 £'000	2024 £'000
Expected return on pension scheme assets	2,670	2,866
Interest on pension scheme liabilities	(2,680)	(2,658)
Net financing (costs)	(10)	208

12 TAXATION

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

	2025 £'000	2024 £'000
Current tax on income for the period	-	110
Total current tax	-	110

Reconciliation of effective rate

	2025 £'000	2024 £'000
Surplus before taxation	14,511	16,018
Total tax expense	-	110
Tax using the UK corporation tax rate of 25% (2024: 25%)	3,628	4,005
Charitable exemption	(3,628)	(3,895)
Total tax expense included in the surplus	-	110

13 TANGIBLE FIXED ASSETS

	Housing properties						Other tangible fixed assets					
	Under construction	Social housing letting	Supported & Elderly Housing	Low cost home ownership	Other Social Housing	Total housing properties	Freehold Offices	Leasehold Office	Fixtures, Fittings and Equipment	Plant and Vehicles	Total other fixed assets	Total fixed assets
Cost						£'000's						
1 April 2024	92,794	810,512	161,662	163,448	2,343	1,230,759	7,838	79	10,514	348	18,779	1,252,549
Additions	87,498	-	-	-	-	87,498	1	-	1,137	-	1,138	88,636
Replacement components	1,763	19,770	3,831	13	10	25,387	-	-	-	-	-	25,387
Properties completed in the year	(74,100)	43,481	2,934	27,695	(10)	-	-	-	-	-	-	-
Transfers	-	(25)	25	-	-	-	-	-	-	-	-	-
Disposals	-	(4,626)	(783)	(1,692)	-	(7,101)	-	-	(406)	-	(406)	(7,507)
31 March 2025	107,955	869,112	167,669	189,464	2,343	1,336,543	7,839	79	11,245	348	19,511	1,359,065
Accumulated depreciation												
1 April 2024	-	130,404	37,205	10,608	591	178,808	2,536	79	6,432	347	9,394	188,202
Provision in the year	-	14,038	3,610	1,272	26	18,946	317	-	785	1	1,103	20,049
Eliminated on disposal	-	(3,843)	(739)	(169)	-	(4,751)	-	-	(394)	-	(394)	(5,145)
31 March 2025	-	140,599	40,076	11,711	617	193,003	2,853	79	6,823	348	10,103	203,106
Impairment												
1 April 2024	-	1,394	-	1,170	-	2,564	-	-	-	-	-	2,564
31 March 2025	-	1,394	-	1,170	-	2,564	-	-	-	-	-	2,564
Net book value												
31 March 2025	107,955	727,119	127,593	176,583	1,726	1,140,976	4,986	-	4,422	-	9,408	1,153,395
31 March 2024	92,794	678,714	124,457	151,670	1,752	1,049,387	5,302	-	4,082	1	9,385	1,061,783

	2025	2024
	£'000	£'000
13 TANGIBLE FIXED ASSETS (CONTINUED)		
The net book value of housing properties comprises		
Freehold	1,128,096	1,039,532
Long leasehold	12,880	12,866
	1,140,976	1,052,398
Additions to housing properties incudes:		
Capitalised interest	5,871	5,263
(at the Group average borrowing rate)	4.64%	4.75%
Direct administration costs	3,425	2,956

There were no other fixed assets held under finance lease at the year-end (2024: £nil).

The Association had property with a net book value of £538,478k pledged as security at 31 March 2025 (2024: £561,669k).

14 FIXED ASSET INVESTMENTS

	2025	2024
THFC Investment Account		
At 1 April	992	1,039
Transfer in year	(74)	(47)
At 31 March	918	992

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.

	2025	2024
Bank Deposits		
At 1 April	-	-
Transfer in year	3,017	-
At 31 March	3,017	-

Deposits held with banks have been reclassified in the year from Current Asset Investments (Note 18) to Fixed Asset Investments.

	2025	2024
Total Fixed Asset Investments	3,935	992

15 PROPERTIES FOR SALE AND WORK IN PROGRESS

	2025 £'000	2024 £'000
Schemes developed for shared ownership sale	1,556	1,555
Schemes developed/in development for transfer to others	1,295	3,011
Schemes in development	16,368	14,637
	19,219	19,203

16 IMPAIRMENT OF HOUSING & STOCK

Housing Assets

During the year emh Homes carried out a desktop review of its property portfolio as part of its Asset Management Strategy. This identified a number of properties that cost the association more to hold than the income they are generating using a net present value calculation. As a result a number of properties have been identified which the Board have approved can be disposed of. This is a trigger for impairment.

emh Homes estimated the recoverable amount of these housing properties as follows:

a) Determined the level at which the recoverable amount is to be assessed i.e. the cash generating unit (CGU) level. The CGU was determined to be an individual property;

b) Estimated the recoverable amount of the CGU;

c) Calculated the carrying amount of the CGU and;

d) Compared the carrying amount to the recoverable amounts to determine if an impairment loss had occurred.

Based on this assessment, the Association calculated the recoverable amount of each social housing property, using estimated market values. Comparing this to the carrying amount of each property, the Association, determined that no impairment charge was to be made against its social housing properties.

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.

17 TRADE AND OTHER DEBTORS

	2025 £'000	2024 £'000
Current tenant arrears	5,112	4,782
Less provision for bad and doubtful debts	(2,344)	(2,327)
Former tenant arrears	1,638	1,567
Less provision for bad and doubtful debts	(1,638)	(1,567)
Trade debtors	534	293
Less provision for trade debtors	(73)	(17)
Prepayments and accrued income	9,297	11,968
Other debtors	1	1
Amounts owed by group undertakings	3,989	5,674
Total debtors	16,516	20,374
Due within one year	16,516	20,374

Amounts due from group undertakings are interest free and repayable on demand.

18 CURRENT ASSET INVESTMENTS

	2025 £'000	2024 £'000
Bank deposits	-	2,991

Deposits held with banks have been reclassified in the year from Current Asset Investments to Fixed Asset Investments (Note 14).

19 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2025 £'000	2024 £'000
Loans and overdrafts (see note 21)	5,732	1,121
Trade creditors	12,308	6,234
Rent received in advance	4,633	3,856
Accruals and deferred income	14,549	16,309
Taxation and social security	395	295
Corporation tax	-	110
Leave pay	208	-
Other creditors	38	26
Amounts due to group undertakings	5,166	6,915
	43,029	34,866

Amounts due to group undertakings are interest free and repayable on demand.

20 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

	2025 £'000	2024 £'000
Loans and overdrafts (see note 21)	607,887	593,343
Deferred government grants (see note 24)	336,977	296,399
HomeBuy grant payable	4,908	5,046
Recycled capital grant fund (see note 23)	5,095	6,015
	954,867	900,803

21 LOANS

	2025 £'000	2024 £'000
Bank loans	157,124	137,886
The Housing Finance Corporation	21,030	21,102
MOR Homes loan	37,500	37,500
Pension Insurance Corporation PLC loan	100,000	100,000
Bond finance from emh treasury PLC	297,965	297,976
	613,619	594,464

All loans are secured by fixed charges on individual properties.

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

	2025 £'000	2024 £'000
In one year or less	5,732	1,121
Between one and two years	-	4,579
Between two and five years	69,148	49,600
In more than five years	538,739	539,164
	613,619	594,464

The loan valuations above include an increase of £1,007k (2024: £1,127k) in respect of FRS102 Basic Financial Instruments amortised cost valuation method.

22 ANALYSIS OF CHANGES IN NET DEBT

	At 1 April 2024 £'000	Cash flows £'000	Other non-cash changes £'000	At 31 March 2025 £'000
Cash and cash equivalents	31,578	(12,010)	-	19,568
Borrowings				
Debt due within one year	(1,121)	1,121	(5,732)	(5,732)
Debt due after one year	(593,343)	(20,276)	5,732	(607,887)
	(594,464)	(19,155)	-	(613,619)
Total Net Debt	(565,450)	(31,165)	-	(594,051)

23 RECYCLED CAPITAL GRANT FUND

	Recycled capital grant fund £'000
At 1 April 2024	6,015
Utilised during the year	(2,095)
Interest credited to the fund	252
Transferred to fund during the year	923
At 31 March 2025	5,095

24 DEFERRED GOVERNMENT GRANTS

	Social housing grant £'000	Other government grant £'000	Total £'000
At 1 April 2024	280,344	16,055	296,399
Received in the year	42,294	1,768	44,062
Released to income in the year	(2,520)	(196)	(2,716)
Disposed in the year	(746)	(22)	(768)
At 31 March 2025	319,372	17,605	336,977

25 OTHER PROVISIONS

	Leave Pay £'000	Total £'000
At 1 April 2024	210	210
Reclassified as Accruals	(210)	(210)
At 31 March 2025	-	-

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. Following a review in the year this provision has been reclassified as an Accrual and is now reported in Creditors: Amounts falling due within one year.

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 2025

	The Pensions Trust - SHPS	The Pensions Trust - Growth Plan	Leicestershire County Council	Derbyshire County Council
		£'000		
Net liability at 1 April 2024	4,320	-	-	-
Loss in the period charged to the profit & loss account	206	-	(81)	11
Loss/(surplus) in the period charged to other comprehensive income	(500)	1	218	212
Contributions paid	(1,086)	-	(137)	(223)
Net liability at 31 March 2025	2,940	1	-	-

The Pensions Trust - Social Housing Pension Scheme

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

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

26 EMPLOYEE BENEFITS (CONTINUED)

The Pensions Trust - Social Housing Pension Scheme (continued)

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2023. This valuation revealed a deficit of £693m. 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.

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 2024. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2025 to 28 February 2026 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.

	2025	2024
	£'000	£'000
Present values of defined benefit obligation, fair value of assets and defined benefit asset/(liability)		
Fair value of plan assets	18,173	18,366
Present value of defined benefit obligation	(21,113)	(22,686)
Defined benefit (liability)/asset to be recognised	(2,940)	(4,320)

	2025	2024
Reconciliation of opening and closing balances of the defined benefit obligation		
Defined benefit obligation at start of period	22,686	22,758
Expenses	20	18
Interest expense	1,096	1,094
Actuarial losses/(gains) due to scheme experience	960	(211)
Actuarial losses/(gains) due to changes in demographic assumptions	-	(230)
Actuarial losses/(gains) due to changes in financial assumptions	(2,937)	(227)
Benefits paid and expenses	(712)	(516)
Defined benefit obligation at end of period	21,113	22,686

26 EMPLOYEE BENEFITS (CONTINUED)

The Pensions Trust - Social Housing Pension Scheme (continued)

	2025 £'000	2024 £'000
Reconciliation of opening and closing balances of the fair value of plan assets		
Fair value of plan assets at start of period	18,366	18,694
Interest income	910	919
Experience on plan assets (excluding amounts included in interest income) - gain/(loss)	(1,477)	(1,679)
Contributions by the employer	1,086	948
Benefits paid and expenses	(712)	(516)
Fair value of plan assets at end of period	18,173	18,366

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2024 to 31 March 2025 was (£567,000) (2024: (£760,000).

	2025 £'000	2024 £'000
Defined benefit costs recognised in statement of comprehensive income (SOCI)		
Expenses	20	18
Net interest expense	186	175
Defined benefit costs recognised in statement of comprehensive income (SoCI)	206	193

	2025 £'000	2024 £'000
Defined benefit costs recognised in other comprehensive income		
Experience on plan assets (excluding amounts included in net interest cost) - gain/(loss)	(1,477)	(1,679)
Experience gains and losses arising on the plan liabilities - (loss)/gain	(960)	211
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - (loss)/gain	-	230
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - (loss)/gain	2,937	227
Total amount recognised in other comprehensive income - (loss)/gain	500	(1,011)

26 EMPLOYEE BENEFITS (CONTINUED)

The Pensions Trust - Social Housing Pension Scheme (continued)

Assets		
Global Equity	2,036	1,830
Absolute Return	-	717
Distressed Opportunities	-	647
Credit Relative Value	-	602
Alternative Risk Premia	-	583
Liquid Alternatives	3,370	-
Emerging Markets Debt	-	238
Risk Sharing	-	1,075
Insurance-Linked Securities	56	95
Property	910	737
Infrastructure	3	1,855
Private Equity	16	15
Real Assets	2,176	-
Private Debt	-	723
Opportunistic Illiquid Credit	-	718
Private Credit	2,224	-
Credit	695	-
Investment Grade Credit	560	-
High Yield	-	3
Cash	247	362
Long Lease Property	5	119
Secured Income	303	548
Liability Driven Investment	5,504	7,474
Currency Hedging	29	(7)
Net Current Assets	39	32
Total assets	18,173	18,366

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.

26 EMPLOYEE BENEFITS (CONTINUED)

The Pensions Trust - Social Housing Pension Scheme (continued)

Key Assumptions

	2025	**2024**
	% per annum	**% per annum**
Discount Rate	5.85	4.91
Inflation (RPI)	3.09	3.14
Inflation (CPI)	2.79	2.78
Salary Growth	3.79	3.78
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2025 imply the following life expectancies:

	Life expectancy at age 65
	(Years)
Male retiring in 2025	20.5
Female retiring in 2025	23.0
Male retiring in 2045	21.7
Female retiring in 2045	24.5

26 EMPLOYEE BENEFITS (CONTINUED)

The Pensions Trust - Social Housing Pension Scheme (continued)

The Pensions Trust (TPT) is involved in a current court case regarding the administration of its defined benefit pension schemes, including the Social Housing Pension Scheme (SHPS). Following a benefits review, TPT are asking the court to determine if changes made to the scheme rules in the past were in accordance with the trust deed and rules, and if not, whether certain amendments are invalid. If the court determines that historic amendments have resulted in amendments that are invalid this could result in increased pension liabilities. The court hearing finished on 28 March 2025, no ruling has yet been given nor is expected until late 2025.

The estimated impact on emh Housing and Regeneration Limited if these pension changes are ruled not to have been valid is not expected to be material on the financial statements. This estimate is based on the current investment strategy and applicable valuation assumptions used for the purpose of the scheme triennial review. The potential impact on the FRS 102 defined benefit pension obligation is not expected to be materially different from this estimate. The size of the potential liability is due to the retrospective nature of the changes, the length of time involved, and the number of Scheme members affected. In the event of an adverse ruling, the precise impact on the income statement and balance sheet will be assessed and a payment plan would be agreed with the Trustee with payments made, as normal, over a number of years.

Following the ruling in another pensions legal case (Virgin Media Ltd v NTL Pension Trustees II Ltd & Ors), the Trustee was advised that further clarification should be obtained in the Trustee's own court application on several points arising from the judgment. As a result, the Trustee has stated it will not be in a position to assess the extent of the changes (if any) which are required as a result of the Virgin Media judgment until it receives answers to the questions it is asking in its court application. These matters were considered by the High Court in the same hearing that closed on 28 March 2025. No ruling has yet been given. Subsequent to the hearing, the government has stated that it intends to legislate to allow pension schemes to retrospectively obtain actuarial confirmation under section 37 of the Pension Schemes Act 1993. While the legislation has not yet been laid, it is expected that once the new regulations are effective, they will significantly mitigate any risk of additional liabilities on these matters should there be an adverse ruling. At this time, no estimate has been made of the additional liabilities that may have arisen in the event of an adverse ruling by the High Court.

Management have considered all information available to them in respect of the ongoing court case. This includes discussions with the scheme's actuary, information provided by TPT and known information relating to the complexity of the case. Taking all this information together management have concluded that the best estimate of benefits payable used in measuring the defined benefit pension obligation recognised in these financial statements should not include an estimate for any additional liabilities that may arise if the high court makes an adverse ruling.

26 EMPLOYEE BENEFITS (CONTINUED)

The Pensions Trust - The Growth Plan

The company participates in the scheme, a multi-employer scheme which provides benefits to some 521 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.

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 2023. This valuation showed assets of £514.9m, liabilities of £531.0m and a deficit of £16.1m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

Deficit contributions	
From 1 April 2025 to 31 March 2028:	£2.1m per annum (payable monthly)

Unless a concession has been agreed with the Trustee the term to 31 January 2028 applies.

Note that the scheme's previous valuation was carried out with an effective date of 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	
From 1 April 2022 to 31 January 2025:	£3.312 per annum (payable monthly)

The recovery plan contributions are allocated to each participating employer in line with their estimated share of the Series 1 and Series 2 scheme liabilities.

26 EMPLOYEE BENEFITS (CONTINUED)

The Pensions Trust - The Growth Plan (continued)

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.

	2025 £'000	2024 £'000
Present Value of provision		
Present value of provision at period end	1	-
Reconciliation of opening and closing provisions		
Provision at start of period	-	1
Deficit contribution paid	-	(1)
Remeasurement - amendments to the contribution schedule	1	-
Provision at the end of period	1	-
Income & Expenditure impact		
Remeasurement - amendments to the contribution schedule	1	-
Assumptions		
Rate of discount per annum	4.84%	5.31%

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.

26 EMPLOYEE BENEFITS (CONTINUED)

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	
	2025	**2024**	**2025**	**2024**
	£'000	**£'000**	**£'000**	**£'000**
Fair value of employer assets	8,848	8,324	36,445	36,112
Present value of funded liabilities	(4,055)	(4,645)	(24,884)	(28,703)
Net underfunding in funded plans	4,793	3,679	11,561	7,409
Present value of unfunded liabilities	-	-	(49)	(54)
Restriction of pension fund surplus	(4,793)	(3,679)	(11,512)	(7,355)
Net liability	-	-	-	-

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

Reconciliation of defined benefit obligations				
Opening value of funded liabilities	4,645	4,651	28,703	28,618
Opening value of unfunded liabilities	-	-	54	54
Current service cost	72	86	267	302
Past service cost (including curtailments)	26	-	94	91
Interest cost on obligations	225	220	1,359	1,344
Members contributions	21	23	80	84
Benefits paid	(137)	(140)	(1,277)	(1,232)
Unfunded benefits paid	-	-	(4)	(4)
Changes in financial assumptions	(753)	(294)	(4,024)	(1,212)
Changes in demographic assumptions	(8)	(27)	(50)	(183)
Other experience	(36)	126	(269)	895
Closing value of funded liabilities	4,055	4,645	24,884	28,703
Closing value of unfunded liabilities	-	-	49	54

26 EMPLOYEE BENEFITS (CONTINUED)

Local government pension schemes (continued)

	Leicestershire County Council		Derbyshire County Council	
	2025	**2024**	**2025**	**2024**
Reconciliation of fair value of plan assets				
Opening fair value of plan assets	8,324	7,581	36,112	33,787
Interest on assets	404	360	1,356	1,587
Members contributions	21	23	80	84
Employers contributions	137	127	219	370
Contributions in respect on unfunded benefits	-	-	-	-
Benefits paid	(137)	(140)	(1,277)	(1,232)
Unfunded benefits paid	-	-	(4)	(4)
Contributions in respect of unfunded benefits paid	-	-	4	4
Other experience	-	-	-	-
Return on assets excluding net interest	99	373	(45)	1,516
Closing fair value of plan assets	8,848	8,324	36,445	36,112
Expenses recognised in the profit and loss account				
Current service cost	72	86	267	302
Past service cost (including curtailments)	26	-	94	91
Interest cost	(179)	(140)	3	(243)
Total pension costs recognised in the profit and loss account	(81)	(54)	364	150
Amounts recognised in other comprehensive income				
Changes in financial assumptions	(753)	(294)	(4,024)	(1,212)
Changes in demographic assumptions	(8)	(27)	(50)	(183)
Other experience	(36)	126	(269)	895
Return on assets excluding interest	(99)	(373)	45	(1,516)
Restriction of pension fund surplus	1,114	749	4,157	2,240
Total amounts recognised in other comprehensive income	218	181	(141)	224
Reconciliation of the effect of the restriction on pension fund surplus				
Net asset ceiling at 1 April 2024	3,679	2,930	7,355	5,115
Restriction of pension fund surplus	1,114	749	4,157	2,240
Net asset ceiling at 31 March 2025	4,793	3,679	11,512	7,355

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

Equities	78%	50%	62%	66%
Bonds	5%	36%	27%	23%
Property	7%	6%	7%	7%
Cash	10%	8%	4%	4%
	100%	100%	100%	100%

26 EMPLOYEE BENEFITS (CONTINUED)

Local government pension schemes (continued)

Principal actuarial assumptions at the year end were as follows:

Inflation/pension increase rate	2.75%	2.75%	2.80%	2.80%
Salary increase rate	3.25%	3.25%	3.80%	3.80%
Discount rate	5.80%	4.85%	5.80%	4.80%

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2023 model, with a 15% weighting of 2023 (and 2022) data, 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	**Female**	**Male**	**Female**
	Years		**Years**	
Current pensioners	20.0	24.3	20.8	23.8
Future pensioners	21.1	25.5	21.5	25.3

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

The last full actuarial valuation of the both the Derbyshire County Council scheme and the Leicestershire County Council scheme were performed on 31 March 2022. The Association expects to contribute £373,000 to the Derbyshire County Council scheme and £117,000 to the Leicestershire County Council scheme in the period to 31 March 2026.

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

	Leicestershire County Council		**Derbyshire County Council**	
Change in assumptions at 31 March 2025	**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%	77	2%	380
1 year increase in member life expectancy	4%	162	4%	997
0.1% increase in salary increase rate	0%	6	0%	19
0.1% increase in pension increase rate (CPI)	2%	73	1%	371

	2025	2024
	£'000	£'000

27 SHARE CAPITAL

Share capital

	2025 £'000	2024 £'000
Allotted, issued and fully paid at 1 April and 31 March	-	-

At 31 March 2025, the Association had 8 ordinary shares (2024: 8) in issue, with each share having a nominal value of £1. The shares have no rights to dividends nor to any share of assets of the Association in the event of it ceasing to operate.

28 OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

	2025 £'000	2024 £'000
Less than one year	1,202	940
Between one and five years	2,325	2,630
	3,527	3,570

During the year £966k was recognised as an expense in the statement of comprehensive income in respect of operating leases (2024: £505k).

29 CAPITAL COMMITMENTS

	2025 £'000	2024 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	108,378	102,805
Sources of Funding		
Government Grants	20,868	60,021
Working Capital	16,511	28,186
Secured & Available Facilities	70,999	14,598
Capital expenditure that has been authorised by the Board of Management but has yet been contracted for	93,951	99,411
Sources of Funding		
Secured & Available Facilities	93,951	99,411

	2025	2024
	£'000	£'000

30 RELATED PARTIES

No board members or shareholders at 31 March 2025 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:		
East Midlands Housing Group Limited	314	281
emh Care & Support Limited	99	84
Midlands Rural Housing	405	358

Sales to East Midlands Housing Group are rental charges for an office building, these charges are made at an arm's length commercial rate. 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 and rental charges for an office building, these charges are made at an arm's length commercial rate.

Purchases from:		
East Midlands Housing Group Limited	15,378	13,142
emh Treasury plc	13,835	13,265
Sharpes Garden Services Limited	4,697	4,547
emh Care & Support Limited	626	645
emh Development Company Ltd	20,158	31,400

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 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	2,300	3,927
Midlands Rural Housing	576	546
emh Sharpes	56	40
emh Development Company Limited	1,057	1,161

	2025	2024
	£'000	£'000
30 RELATED PARTIES (CONTINUED)		
Creditors: amounts falling due within one year		
emh Sharpes	250	207
emh Care & Support Limited	300	224
East Midlands Housing Group Limited	4	1,448
emh Treasury plc	2,736	2,748
emh Development Company Limited	1,876	2,288
Loans		
emh Treasury plc	297,965	297,976

31 ULTIMATE PARENT COMPANY

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.emh.co.uk.

	2024 Restated £'000	2024 Original £'000

32 PRIOR PERIOD ADJUSTMENT

Schemes developed to be transferred to other housing associations

As part of the development programme the Association develops schemes to be transferred to other housing associations and local authorities. These have historically been held as Assets under Construction and reported as Housing Properties within the Fixed Assets. Following a review in the year these have been reclassified as a Current Asset and are now reported in the Properties for Sale and Work in Progress. This has impacted the following lines in the financial statements

	2024 Restated £'000	2024 Original £'000
STATEMENT OF FINANCIAL POSITION		
Housing properties	1,049,387	1,052,398
Properties for sale and work in progress	19,203	16,192
STATEMENT OF CASHFLOWS		
Decrease in stock	2,998	3,279
Acquisition of tangible fixed assets	(110,226)	(110,507)

There is no impact on the previously reported Statement of Comprehensive Income.

The notes to the accounts that have been impacted by this adjustment have also been restated, note 13 Tangible Fixed Assets and note 15 Properties for sale and work in progress.

Client Account Funds

The Association holds funds relating to sinking fund provisions for LSE and CLARA schemes in a Client Account with Barclays Bank. These have historically been held as Current Asset Investments. Following a review in the year these have been reclassified as a Cash balance and are now reported in Cash & Cash Equivalents. This has impacted the following lines in the financial statements.

	2024 Restated £'000	2024 Original £'000
STATEMENT OF FINANCIAL POSITION		
Short term investments	2,991	5,555
Cash and cash equivalents	31,578	29014
STATEMENT OF CASHFLOWS		
Disposal/(acquisition) of short term investments	(1,819)	(2,065)
Cash and cash equivalents at start of period	33,508	31,190

There is no impact on the previously reported Statement of Comprehensive Income.

The notes to the accounts that have been impacted by this adjustment have also been restated, note 18 Current Asset Investments.