# East Midlands Housing Group Limited

## REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2025

*East Midlands Housing Group Limited is incorporated under the Co-operative and Community Benefit Societies Act 2014 (Registered Number IP030476) and registered by Homes England (Registered Number L4530).*

# EAST MIDLANDS HOUSING GROUP LIMITED
## GROUP REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2025

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# EAST MIDLANDS HOUSING GROUP LIMITED
## BOARD MEMBERS, EXECUTIVE, ADVISORS AND BANKERS

FOR THE YEAR ENDED 31 MARCH 2025

### BOARD MEMBERS

**David Russell** *(Group Chair)*
Patricia McCabe *(Group Vice Chair)*
Amanda Ashton (stood down June 24)
Tim Brown (stood down September 24)
Paul Casey
Margaret Coward
Shabir Ismail
Chandrakant Kataria
Roger Merchant
Gail Puttock
Sarah Woolley (resigned August 24)
Anne Chapman (appointed January 2025)

### EXECUTIVE DIRECTORS

**Chandrakant Kataria**
*Group Chief Executive*

Geoffrey Clarke
*Executive Director – Finance*

Jo Tilley
*Executive Director – Corporate Services*

Chris Jones
*Executive Director- Development*

Chris Ashton
*Executive Director – Housing (retired Sept 24)*

*Charles Gibbons*
*Executive Director – Housing (Appointed Sept 24)*

*Ruth Jennings*
*Executive Director – Care & Support*

### PRINCIPAL BANKER

**Barclays Bank Plc**
Leicester
Leicestershire
LE87 2BB

### AUDITOR

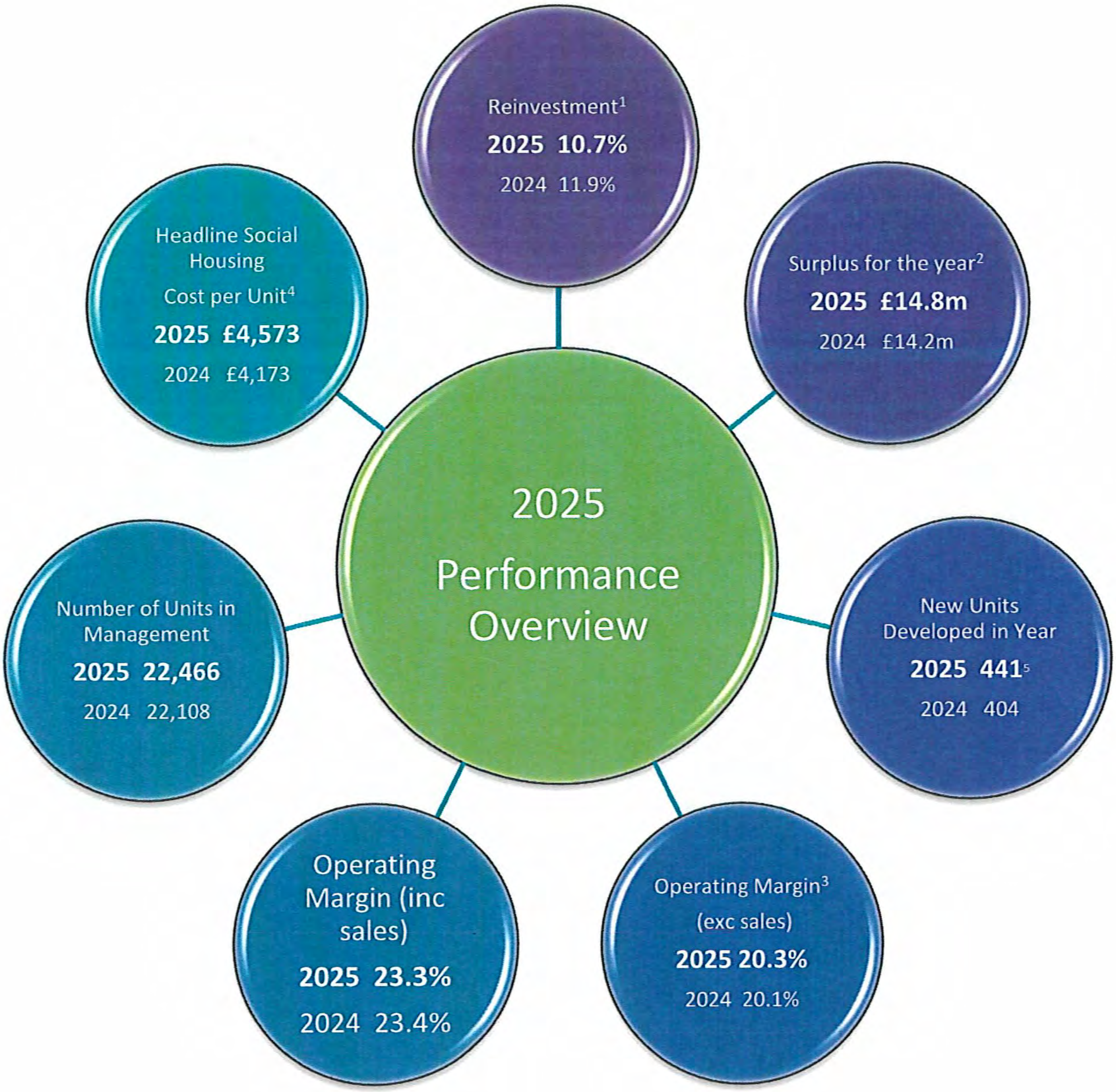
**BDO LLP**
Two Snow Hill
Birmingham
B4 6GA

### SECRETARY & REGISTERED HEAD OFFICE

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

## EAST MIDLANDS HOUSING GROUP LIMITED
## YEAR AT A GLANCE

FOR THE YEAR ENDED 31 MARCH 2025




1 Definition taken from "Sector Scorecard". Expenditure on development of new properties, capitalised interest and capitalised major repairs divided by total housing properties at cost.

2 Operating surplus less interest, financing costs and taxation and before pension scheme movement per Statement of Comprehensive Income.

3 Operating surplus less surplus on disposal of tangible fixed assets divided by turnover.

4 Definition taken from "Sector Scorecard". Social housing costs divided by closing social housing units in management

5 Total properties developed which includes 2 remodelled properties, 1 office and 6 properties for another provider

# EAST MIDLANDS HOUSING GROUP LIMITED
# STRATEGIC REPORT
FOR THE YEAR ENDED 31 MARCH 2025

The Board of East Midlands Housing Group Limited (the Association; emh Group) is pleased to present its financial statements for the year ended 31 March 2025. The Group comprises the parent company and wholly owned subsidiaries as set out below.

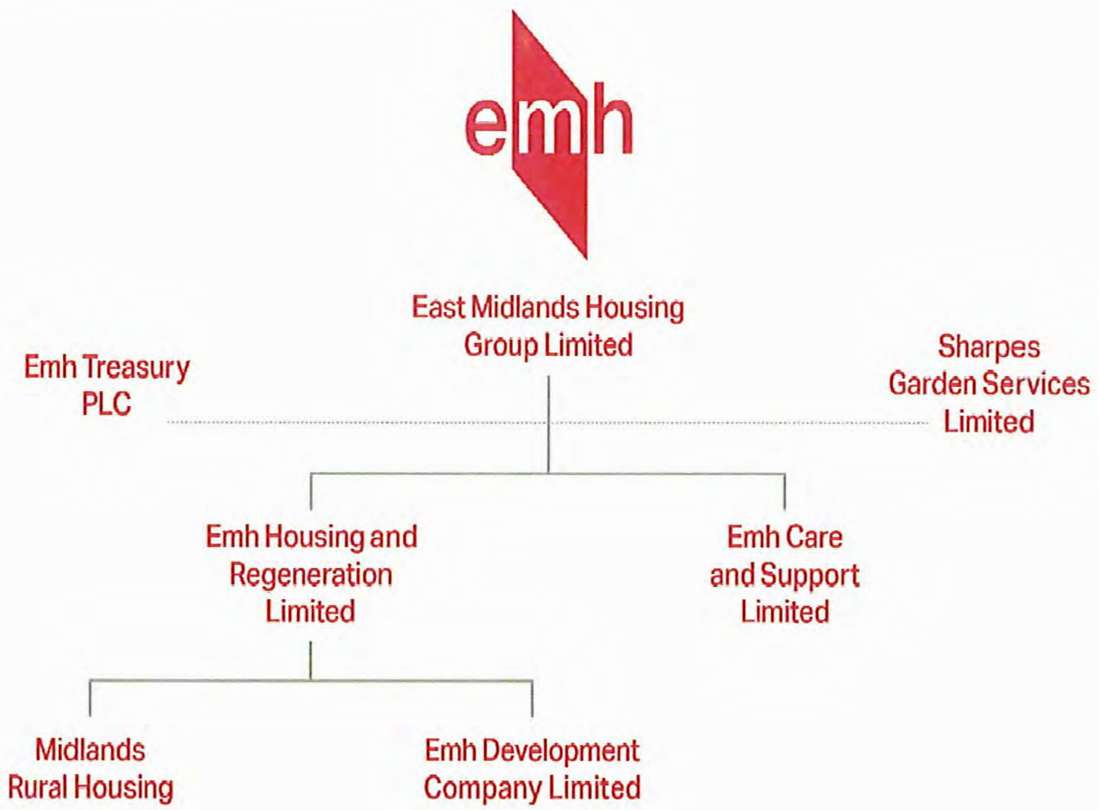
**Background**

emh Group started its life as a traditional housing association in 1946 and has since established itself as one of the leading providers of affordable housing in the East Midlands region. The Group manages over 22,000 properties across 49 different local authorities and provides over 11,000 hours of care and support to vulnerable and disabled people each week.

The Group 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.

**About the Group**

The chart below shows the structure of the group.



**About the Group** (continued)

East Midlands Housing Group Limited (trading as emh Group)
*Registered Provider under the Co-operative and Community Benefit Society Act 2014 (non charitable)*
Sets the strategic direction for the Group and provides a range of support and development services to subsidiary companies.

emh Housing & Regeneration Limited (trading as emh Homes)
*Registered Provider under Co-operative and Community Benefit Society Act 2014 (charitable)*
Formed in 2013 as the result of the amalgamation of four independent housing associations. Provides landlord services to circa 20,000 mixed tenure properties across the region. Also leads the Quantum Development Consortium which is an investment partner with Homes England (previously the Homes and Community Agency).

emh Care & Support Limited
*Company Limited by Guarantee under the Charities Commission*
Provides landlord and day care services to adults with learning disabilities and other vulnerable people. Delivers circa 11,000 hours of care and support each week within a supported living, registered care and nursing home environment.

Sharpes Garden Services Limited
*Company Limited by Shares (non-charitable)*
Provides garden maintenance and landscaping services within the Group.

Midlands Rural Housing & Village Development Association Limited
*Non-registered Provider under the Co-operative and Community Benefit Society Act 2014 (non charitable)*
Provides specialist management services to four independent rural housing associations.

emh Development Company Limited
*Company Limited by Shares (non-charitable)*
Provides Design and Build Services to the Group.

emh Treasury PLC
*Public Limited Company*
A special purpose vehicle set up primarily to raise funds through the Debt Capital Markets.

**Corporate Mission and Aims**

The Group strives to "**provide housing and care to improve opportunities for people**". This is underpinned by our corporate values: -

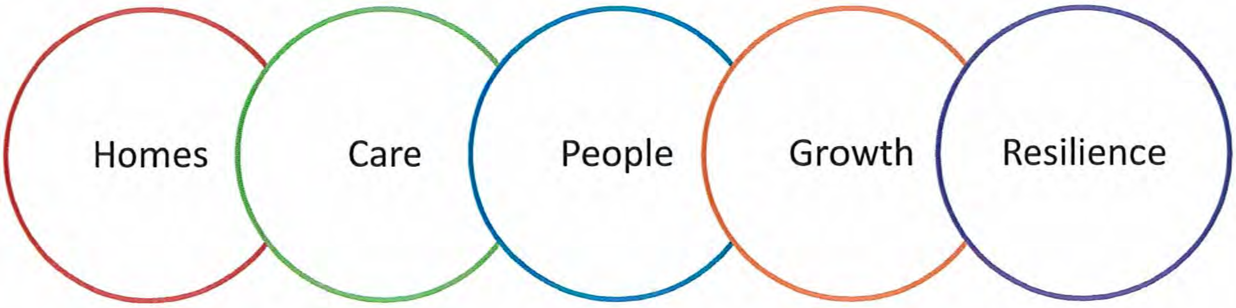
| | |
|---|---|
| **Integrity** | We work to the highest ethical standards. |
| **Diversity** | We respect others for who they are. |
| **Openness** | We are honest and straight forward. |
| **Accountability** | We are accountable to and influenced by our customers. |
| **Clarity** | We are clear about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

**Future Plans**

Now in the second year of our Better Housing and Care Strategy and Business Plan 2023-2026, our mission and values wrap around and drive this whole plan. We exist to **provide homes and care to improve opportunities for people**, and we pledge to **do the basics brilliantly and keep on getting better.** The values that underpin everything we do are unchanged. We stand for and pursue **integrity, diversity, openness, accountability, clarity** and **excellence.**

A range of metrics have been developed to measure our journey towards the strategic goals and vision.

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.




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.

**Future Plans** (continued)

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 through 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;
- 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.

**Future Plans** (continued)

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 at least an EPC rating of C;
   - We will build at least 2 mixed tenure Extra Care and a range of supported living schemes.

5. **Business Resilience**
   **Inflation, cost-of-living and interrupted supply chains create new risks to our stability, which we expect to continue. 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 to look 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

**Leadership and Governance**

The Group Board's role is to set the strategic direction, uphold the values and provide the framework for decision making, performance improvement and standards of customer services. Delivery of the Business Plan is delegated to the subsidiary Boards and day-to-day leadership is delegated to the Group Chief Executive and Executive Leadership Team.

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.

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

**Leadership and Governance** (continued)

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.

**Board membership, remuneration and attendance**

| Name and Remuneration | Board Member | Audit Committee | Treasury Committee | Remunerations & Governance Committee | Board Meeting Attendance |
|---|---|---|---|---|---|
| Amanda Ashton** *£3,508.98* | ◆ | | | | 1/2 |
| Timothy Brown* *£7,017.96* | ◆ | | | | 4/4 |
| Paul Casey *£12,497.40* | ◆ | | | | 5/7 |
| Margaret Coward *£13,266.67* | ◆ | | | | 7/7 |
| Shabir Ismail £10,958.88 | | | | | 7/7 |
| Chandrakant Kataria *Paid as an executive* | ◆ | | | | 7/7 |
| Patricia McCabe *£14,035.93* | ◆ Vice-Chair | | | ◆ Chair | 6/7 |
| Roger Merchant *£10,958.88* | ◆ | ◆ Chair | | | 5/7 |
| Gail Puttock *£10,958.88* | ◆ | | | | 6/7 |
| David Russell *£23,392.85* | ◆ Chair | | ◆ Chair | | 6/7 |
| Anne Chapman**** *£2,739.72* | ◆ | | | | 2/2 |
| Sarah Woolley*** *£4,566.20* | ◆ | | | | 3/3 |

* stood down 30 September 2024
** stood down 30 June 2024
***resigned 31 August 2024
**** appointed 1 January 2025

**Business Review and Operating Environment**

The needs of our customers continue to change with many requiring more from us as a care and housing provider. The ongoing rises in living costs, especially heating, fuel and food, are placing considerable financial burdens on many of our tenants and residents. With an ageing population and a fragile care system, we face challenges to both the housing and care sectors. We want to remove the stigma attached to the social housing and care sectors and to bring about a change in perceptions so our customers, colleagues and others across the sectors can be proud about social housing and care. We have a lot to achieve, but emh Group is already very proud to provide housing and care services to residents and service users in circa 22,400 properties with a turnover of £152.5million and circa 1,100 employees. Our objectives remain relevant even when facing unprecedented changes to our operating context - changes that have and continue to present us with both challenges and opportunities, and we embrace both.

**Business Review and Operating Environment** (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. 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.

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.

**Business Review and Operating Environment** (continued)

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.

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. This assessment is consistent with broader sector trends, given ongoing pressures across the economy. We fully accept this rating and are actively implementing measures to return to a V1 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.

Our Care and Support arm delivers vital services to adults with learning disabilities, people requiring support with mental health and the elderly and is an important part of our service offering. Ensuring the well-being, independence and fulfilment of our customers is paramount. Financial year 2024-25 was a successful, yet challenging year as increasing costs of resource scarcity continue to impact. We continue to work hard to ensure that all of our services are financially viable whilst maintaining a safe and effective service. We have undertaken an asset and service review to improve our viability. Our flagship extra care scheme in Ashby de la Zouch, providing shared ownership and rented homes for those with care and support needs, is thriving. This development has proved to be extremely popular both with residents and the community. Under the ongoing strategic partnership with Homes England we have plans in place to develop a further 2 extra care schemes cementing ourselves as leading care providers.

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.

**Risk Management**

| Risk | Our response |
|---|---|
| **GROWTH AND BUSINESS DEVELOPMENT** | |
| **Unable to deliver the development programme**<br>*Lack of affordable land, increasing building costs and a market downturn ultimately reduces our ability to meet development programme objectives. Withdrawal of Homes England Funding in the event of non-compliance with the Consumer Standards* | ✓ We have stress tested our financial plan for changes in the development programme;<br>✓ We have a Development Strategy and a Marketing Strategy;<br>✓ We have a Development Monitoring Group;<br>✓ We work in partnership with Homes England;<br>✓ We investigate new products and joint ventures;<br>✓ We have revised financial parameters in place;<br>✓ We have developed a contractor insolvency risk map. |
| **BUSINESS AND FINANCIAL RESILIANCE** | |
| **Insufficient liquidity and unstable financial viability**<br>*Weak economic conditions with high inflation and interest rates causing increases in operating costs leading to breach of covenants. Failure to deliver and demonstrate that value for money has been achieved. Introduction of a rent cap.* | ✓ We have a robust Financial Planning and Budgeting process;<br>✓ We have a Value for Money Strategy and unit cost analysis;<br>✓ We have a programme of Efficiency Gains;<br>✓ We carry out robust stress testing;<br>✓ We have a recovery plan;<br>✓ We have a Treasury Policy/Strategy;<br>✓ We are hedging debt. |
| **Noncompliance with Health & Safety requirements**<br>*Failure of leaders to identify risks and adequately prioritise and embed robust health and safety policies, procedures, systems and reporting into the everyday culture and activities of the organisation. Failure also of those who operate on our behalf, putting the health and safety of employees, customers, and the wider public at risk of harm* | ✓ The Health & Safety policy is reviewed annually;<br>✓ We have a dedicated Health & Safety governance and structure;<br>✓ We have a trained in-house Health & Safety team;<br>✓ We have an annual Health & Safety Learning & Development Plan;<br>✓ We have an ISO45001 action plan;<br>✓ We ensure safe systems of work & risk assessments. |
| **Failure to maintain reliable and secure data**<br>*Lack of robust data and systems across the business leading to data integrity issues. Loss of data or disruption to ICT service as a result of cyber-attacks. Financial loss due to cyber-attack related fraud* | ✓ We have backup solutions and disaster recovery;<br>✓ We have Cyber Essentials Plus accreditation;<br>✓ We have external penetration testing of systems;<br>✓ We have technical solutions and ICT infrastructure;<br>✓ We carry out Internal audit and continuous assurance;<br>✓ Multifactor authentication implemented. |
| | |

**Risk Management** (continued)

| Risk | Our response |
|---|---|
| **PEOPLE AND ORGANISATIONAL DEVELOPMENT** | |
| **Ineffective governance**<br>*Increased wider regulatory requirements. Weaknesses in internal controls.*<br>*Inability to attract skilled and diverse Members leading to ineffective leadership and failure to appropriately drive the organisation's social purpose, culture, mission and values or to embed resident focus in its decision making and safeguard the reputation and long term financial viability.* | ✓ Governance structure including R&G committee<br>✓ Independent committee members;<br>✓ Adopted NHF Code of Governance;<br>✓ Board remuneration (with exception of c&s);<br>✓ Board membership, recruitment and succession policy & skills register;<br>✓ Annual review of board effectiveness;<br>✓ Board Diversity Champion;<br>✓ Risk and Assurance framework;<br>✓ Regulatory Compliance Reviews & Rents Group;<br>✓ 2020 Code of Governance annual compliance check;<br>✓ We have developed a succession plan;<br>✓ We have developed an ESG framework |
| **Unable to achieve the organisation's strategic objectives through our people**<br>*Failure to recruit, develop and retain a skilled, competent and diverse workforce, and to develop the leadership skills required to meet the organisation's changing needs, whilst maintaining a positive values-driven culture where people are engaged and committed.* | ✓ We have a People Strategy;<br>✓ We have a team training in Organisational Design techniques;<br>✓ We have a Communications Strategy;<br>✓ We have a Learning & Development Strategy;<br>✓ In place are Consultative Committees & Union recognition agreements;<br>✓ Remunerations & Governance Committee;<br>✓ We hold exit interviews;<br>✓ We have introduced a Flexible Home-Working Policy;<br>✓ We champion Barretts Values having trained in house practitioners.<br>✓ We are implementing a pension strategy<br>✓ We have a cost of living strategy |
| **CARE & SUPPORT** | |
| **Inability to provide effective, compliant and viable care and support services**<br>*Significant breach of Regulation with CQC leading to reputational damage*<br>*Reduction in commissioning income leading to loss of viability*<br>*Retrospective payments relating to sleep-in provisions, potential review of bed rates and change in contracts.*<br>*A reliance on agency cover.* | ✓ We have a robust people policy;<br>✓ A Quality framework has been developed;<br>✓ We have a corporate care and support risk map;<br>✓ Safeguarding procedures and reporting dashboard is in place;<br>✓ We carry out stress testing;<br>✓ We collect and monitor Care and support key performance indicators;<br>✓ Review of the Monthly management accounts;<br>✓ We receive quality audit reports in house;<br>✓ A detailed training matrix has been developed;<br>✓ We have introduced People Planner and staff KPI's. |

**Risk Management** (continued)

| Risk | Our response |
|---|---|
| HOUSING AND NEIGHBOURHOODS | |
| **Assets that fails to meet statutory and/or regulatory requirements**<br>*Lack of investment, robust stock condition information, asset management strategy and delivery of maintenance programmes leading to deterioration of stock. Inability to meet the decarbonisation agenda, EPC level C, new Decent Homes Standard, requirements of the Fire Safety Act and Smoke and Carbon Monoxide Regulations.* | ✓ We have an Asset Disposal Strategy<br>✓ We have an Asset Management Strategy;<br>✓ We are undergoing stock condition surveys;<br>✓ We are accessing relevant decarbonisation funding;<br>✓ We are complying the smoke and carbon monoxide alarm (England) regulations;<br>✓ We have a Value for Money strategy;<br>✓ We have implemented a new asset management module on our housing management system. |
| **Failure to provide affordable landlord and neighbourhood services that meet the diverse needs of our customers and communities.**<br>*Poor customer satisfaction levels that lead to reputational damage and higher turnover of our properties. Failure to meet the Tenant Satisfaction Measures and Consumer Standards. A lack of affordability of our homes and services impacted by the cost of living crisis.* | ✓ We performance monitor our Customer Service Centre;<br>✓ We carry out tenant satisfaction surveys;<br>✓ We have a Customer Services Strategy;<br>✓ We monitor complaints and have reviewed our approach to these;<br>✓ We have an emh homes Operational Plan;<br>✓ We have reviewed and developed our approach to complaints;<br>✓ We have an active scrutiny panel;<br>✓ We have a cost of living strategy;<br>✓ We have a quality assurance framework;<br>✓ We have developed a Tenant Voice Strategy. |

**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.

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.

**Achievements in 2024-25**

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 Group for the year. The ratios are for performance management only. They do not reflect our loan covenants which are calculated on the results of emh Homes only.

| Year ended | 31 March 2025 £millions | 31 March 2024 £millions |
|---|---|---|
| **INCOME AND EXPENDITURE** | | |
| Turnover | 152.5 | 147.5 |
| Operating costs & cost of sales | (121.6) | (117.8) |
| Sales of other fixed assets | 4.7 | 4.8 |
| **Operating surplus** | **35.6** | **34.5** |
| Operating margin | 23% | 23% |

Our operating surplus for the year was £35.6m, generating an operating margin of 23%. Whilst the surplus in year is £1.1m higher than the prior year the operating margin is inline with our 2024 margin as we have seen both income and costs rise proportionately as a group.

The operating surplus on our social housing lettings activities was £30m, £2.6m higher than in the prior year with the margin holding at 26%. Whilst increased unit numbers have generated some additional income the continued commitment to further invest in our maintenance service, management and estate costs is evident.

The operating surplus of £1.2m on other social housing activities is lower than the £4.6m in the previous year. Whilst first tranche sales volumes were strong in year, sales overall were at a lower margin than prior year.

During the year, our analysis of care and support income and expenditure identified a marked improvement in the financial position, reflecting the continued commitment and focus of the organisation. The year end position reported a surplus of £1.9m, a significant improvement compared to the prior year's deficit of £140k. Most operational areas within the business achieved at least a breakeven outcome. While this represents a positive development, the organisation remains committed to the ongoing review of its services and assets to further enhance financial sustainability and operational efficiency within the care and support division. Additional income streams were explored and realised during the year, including the strategic investment of funds, the disposal of non-viable assets, and a gift aid receipt from the wider group.

**Achievements in 2024-25** (continued)

Financial Performance (continued)

| Year ended | 31 March 2025 £millions | 31 March 2024 £millions |
|---|---|---|
| **STATEMENT OF FINANCIAL POSITION** | | |
| Housing properties less depreciation | 1,176 | 1,087 |
| Other fixed assets | 21 | 18 |
| **Total fixed assets** | **1,197** | **1,105** |
| Net current assets | 24 | 49 |
| Long-term loans & liabilities | (950) | (898) |
| **Net assets** | **271** | **255** |
| **Revenue & other reserves** | **271** | **255** |
| **Increase in housing property cost** | **8.2%** | **9.6%** |
| **Number of units in management** | **22,466** | **22,108** |
| **Interest cover** | **93%** | **102%** |
| **Interest cover (Including Sales)** | **109%** | **120%** |
| **Gearing** | **49.2%** | **50.7%** |

Total tangible fixed assets increased by £92m in the year predominantly due to our investment in new properties and component replacement in our existing properties including replacement kitchens, roofs, windows & doors and electrical rewire programmes. Our ongoing commitment in these areas is evident following increased spend in this area supported by Social Housing Decarbonisation Fund support.

Net current assets decreased in year, a decrease from £49m to £24m. Cash and short term investment balances at £34m are £13m lower than prior year whilst debtors decreased by £3m to £16m and creditors increased by £8m to £45m.

Borrowing increased from £594m to £613m. 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 £7m to £5m, this 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 £16m. As it is not expected that these surpluses are recoverable then they are not recognised on the statement of financial position and are capped at £nil value.

**Achievements in 2024-25** (continued)

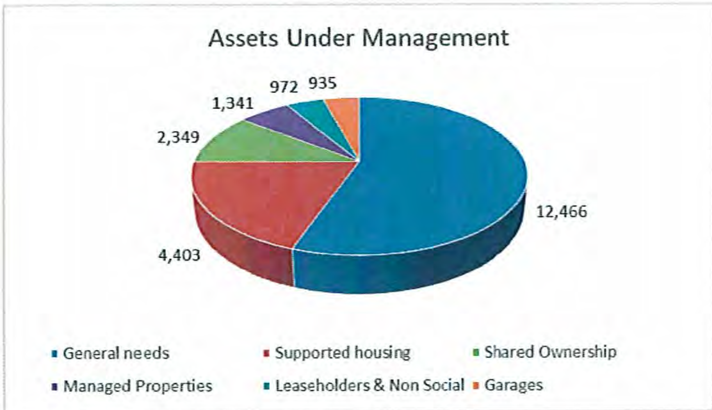

We continue to invest in our services to provide the high level of provision to our customers, maintaining our existing homes and investing in our communities.

In 2024-25 the increased expenditure matched the income growth as we continued to invest in our services and homes as part of our ongoing commitment to our residents and service users.

In future years we anticipate our income to increase at a higher rate than our operating costs overall.

Our varied stock profile has increased significantly in recent years and allows us to support our customers and communities with their widespread requirements.

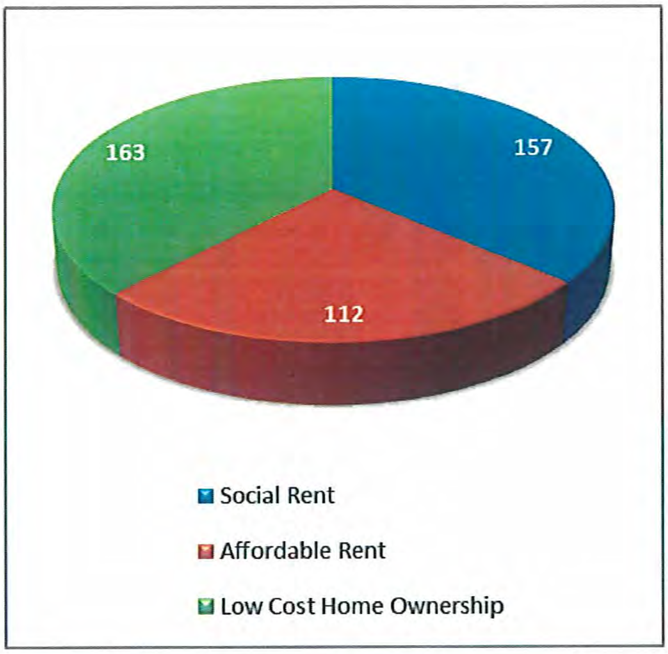
We continue to work with the local authorities in our operational areas to ascertain housing need and are actively pursuing new growth and funding opportunities working closely with Homes England and other partners.




Development Performance

The Group lead the Quantum Development Consortium and is a strategic partner with Homes England. We recognise that housing associations have a key role to play in tackling the national housing crisis. We are coming to the latter stages of our strategic partnership, phase 1, with Homes England. Of the 951 properties in the partnership 678 have now completed with the remaining 273 on site. We are well into the second phase of the partnership having been awarded a further £112m to develop 1,450 homes. The partnership has therefore seen our development programmes escalate. Our ambitious growth targets are fully embedded in our Development Strategy, showing our commitment to increased growth. The strategy sets out our preferred tenure mix and development type to fulfil these ambitions. We are pursuing more land-led opportunities using our development company.

**Achievements in 2024-25** (continued)




Key development achievements during the year included:

✓ Achieved over 85% of our targeted completions with 432 new homes being delivered on behalf of the Group, achieving annual growth of 2.2%;

✓ Developed 1 new office, remodelled 2 properties and a further 6 on behalf of a local authority;

✓ Realised proceeds of £13m from shared ownership first tranche sales and £4.7m from other sales including asset disposals, Right to Buy, Voluntary Right to Buy and staircasing;

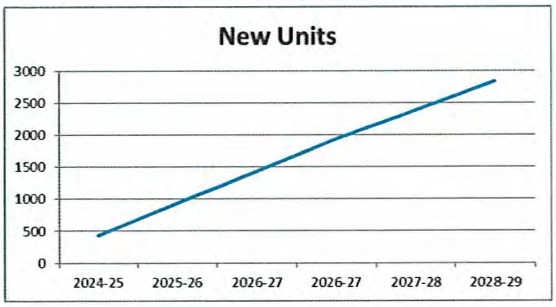
✓ We have 991 new homes on site which will be delivered in future years;

✓ Received £56.9m of grant from Homes England under the Strategic Partnership phase 2. With a further £0.2m for the RSAP initiative.

Our Development Schemes

The Group maintains a strong reputation for delivering a broad range of housing tenures in response to increasing demand for affordable homes across our diverse geographical areas of operation. We remain committed to our strategic objective of developing up to 500 new units annually.

While challenges such as planning delays, contractor liquidity, and resource constraints have impacted delivery timelines, our development pipeline remains robust. We continue to prioritise the provision of high-quality new homes and are particularly proud of the following schemes completed during the year:




✓ Old Coppice, Heanor – a mix of family homes with 15 affordable rental and 16 shared ownership properties under our Strategic Partnership.

✓ Ellen House, Chesterfield – a regeneration site of a former office comprising of 18 new properties including 11 apartments and 7 shared ownership homes. Grant support was received from the Local Authority for the project which formed part of the Strategic Partnership.

**Achievements in 2024-25** (continued)

✓ Yeld Road, Bakewell – This rural housing scheme was part of the Strategic Partnership, developed on behalf of a rural housing association. The 3 affordable rental properties were built to the Peak Park design code requirements and enabled residents of the village to stay in the locality where house prices are high.

Treasury Management


The Group's total borrowings increased in the year by £19m to £613m.

All interest rate management are embedded within loan facilities. Therefore the Group is not exposed to risks linked to free standing derivatives.


The Group only borrows in sterling and so does not have any currency risk. Surpluses are invested in approved UK institutions and the Group Treasury Committee monitors investment returns.

The Group had cash balances of £34.1m at the year-end. We also have access to £190m through a revolving credit facility which is all secured.

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% on 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 Group operates and as such is overseen directly by the Group Board. During the year the Board approved a new Value for Money Strategy, aligned to the regulator's Value for Money Standard and associated Code of Practice and the Sector Scorecard. We apply the Strategy across all activities within the Group regardless of which entity operates them. Delivering efficiency savings 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 service. We have undertaken an external review of key services alongside on going internal action planning to ensure we achieve Value for Money in all aspects of our undertakings.

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 table below comprises the regulator's mandatory metrics based on the latest financial performance, compared to the prior year and our selected peer group.

| Regulators Metrics | emh Group 2025 | emh Group 2024 | Trend | 2024 Peer Group* |
|---|---|---|---|---|
| Operating margin (excl surplus on sales) | 20.3% | 20.1% | ↔ | 18.5% |
| Operating margin – social housing lettings | 25.5% | 26.4% | ↔ | 23% |
| EBITDA MRI % interest cover | 94.2% | 101.6% | ↓ | 112% |
| Units developed as % of unit owned | 2.2% | 2% | ↔ | 1.6% |
| Gearing | 49.2% | 50.7% | ↓ | 47.3% |
| Reinvestment % | 10.7% | 11.9% | ↓ | 8.8% |
| Return on capital employed | 2.9% | 3.0% | ↔ | 2.8% |
| Headline social housing unit cost | £4,573 | £4,173 | ↓ | £4,765 |

**KEY** ↑ Indicator has improved ↔ Indicator has stayed the same (or within 1% of prior year) ↓ Indicator has worsened

* Peer group comprises Housing Associations in England, both LSVT and traditional, who manage over 10,000 units. 2025 data is currently being collated and therefore, the 2024 peer group are used for indicative purposes. Once the full peer group is available, further analysis will be undertaken.

**Value for Money** (continued)

The Group's operating margin across all activities remained consistent with the prior year at 20.3%, with the operating margin on social housing lettings also maintained at 25.5%. Resident expectations remain high, and the Group continues to invest significantly in its homes and communities. At the same time, efforts to improve operational efficiency have contributed to an increased margin in all areas of social housing lettings. Income increased at a slightly higher rate than operating costs, primarily driven by general needs lettings. In contrast, expenditure on Supported Housing and Low Cost Home Ownership properties grew at a marginally faster pace than the income generated from these tenures. Staffing challenges in the provision of high-level support services led to increased costs in support activities, while cost of sales associated with first tranche sales also increased. Overall, the EBITDA reduced from 101.60% to 94.2% following the Board approved increased investment in EPC C and boiler installations to further support our residents living costs.

The Group's headline social housing cost per unit was £4,573, representing a 9.6% increase on the previous year. This increase aligns with expectations, reflecting the Group's ongoing commitment to maintaining and enhancing its property portfolio. A stock condition review programme is nearing completion and supports a more detailed and accurate programme of future works, in conjunction with delivery of the EPC C standard.

With the Board's support, investment in maintenance continued to grow in 2024-25. Major repairs expenditure increased by 18% per property, with responsive maintenance costs rising by a further 3%. The continued focus on planned investment resulted in a further reduction in the responsive to planned maintenance ratio, falling from 0.76 to 0.71, reinforcing the Group's strategic direction. Costs associated with void properties reduced, with volumes below expectations and average cost per void unit decreasing by 9% year-on-year. Service charge costs increased by 14% during the year, reflecting the high standards expected by residents and the scale of works undertaken to maintain community environments. Despite ongoing sector-wide challenges, the Group remains committed to sustained investment in its housing stock and neighbourhoods. The increase of 9.6% in the unit cost is considered a positive indicator of this continued investment, particularly in maintenance and major repairs, including decarbonisation initiatives. Management costs rose by 12% in the year, driven by additional staffing and resources to support the implementation of recommendations from the Better Social Housing Review.

During the year, the Group completed 441 new homes of which 432 were added to stock, achieving approximately 86% of the 500-unit target. A strong development pipeline has been maintained, and delivery remains on track across both Strategic Partnerships. At year-end, the Group had 991 units on site for future delivery. The Group now owns and manages over 22,400 properties.

Additional development activity during the year included the delivery of a new office, refurbishment of two properties, and the construction of a further six homes on behalf of a local authority. The Group is in the fourth year of phase two of its Strategic Partnership, which involves the delivery of 1,450 new homes over five years. A total of £56.9 million of the £112 million grant allocation was drawn down during the year. Volumes were below that expected with the average cost slightly 9% lower than prior year. In year we also saw a 14% increase in our service charge costs. Our residents' standards are high and the level of works we carry out in our communities reflects that. The sector continues to face many challenges, and we are proud to show that we are maintaining a high level of investment in our properties and communities. Therefore, see the increase of 9.6% in our unit cost as a positive outcome with the investment in maintenance and major repairs, including decarbonisation works, being evident. Management costs increased by 12% in year due to additional resources and support required to support the better social housing review.

The Sector Scorecard is a set of agreed metrics adopted by the Housing Sector where the regulators mandatory metrics are supplemented by a range of indicators; mostly taken from our financial accounts across 5 categories (Business health, Development, Outcomes delivered, Effective asset management and Operating efficiencies) and allows us to track our progress with delivering cashable savings and demonstrate how we are controlling costs whilst still delivering our core services and developing new homes.

**Value for Money** (continued)

| Sector Scorecard | emh Group 2025 | emh Group 2024 | Trend |
|---|---|---|---|
| Units developed | 438 | 388 | ↑ |
| Customer satisfaction with services provided by landlord | 68% | 81% | ↓ |
| Rent collected | 99.8% | 99.75% | ↔ |
| Occupancy | 98.54% | 98.72% | ↔ |
| Ratio of responsive repairs to planned maintenance | 0.71 | 0.76 | ↔ |
| Management cost per unit | £1,257 | £1,118 | ↓ |
| Services cost per unit | £629 | £556 | ↓ |
| Maintenance cost per unit | £1,241 | £1,208 | ↓ |
| Major repairs cost per unit | £1,314 | £1,113 | ↓ |
| Other social lettings cost per unit | £132 | £178 | ↑ |

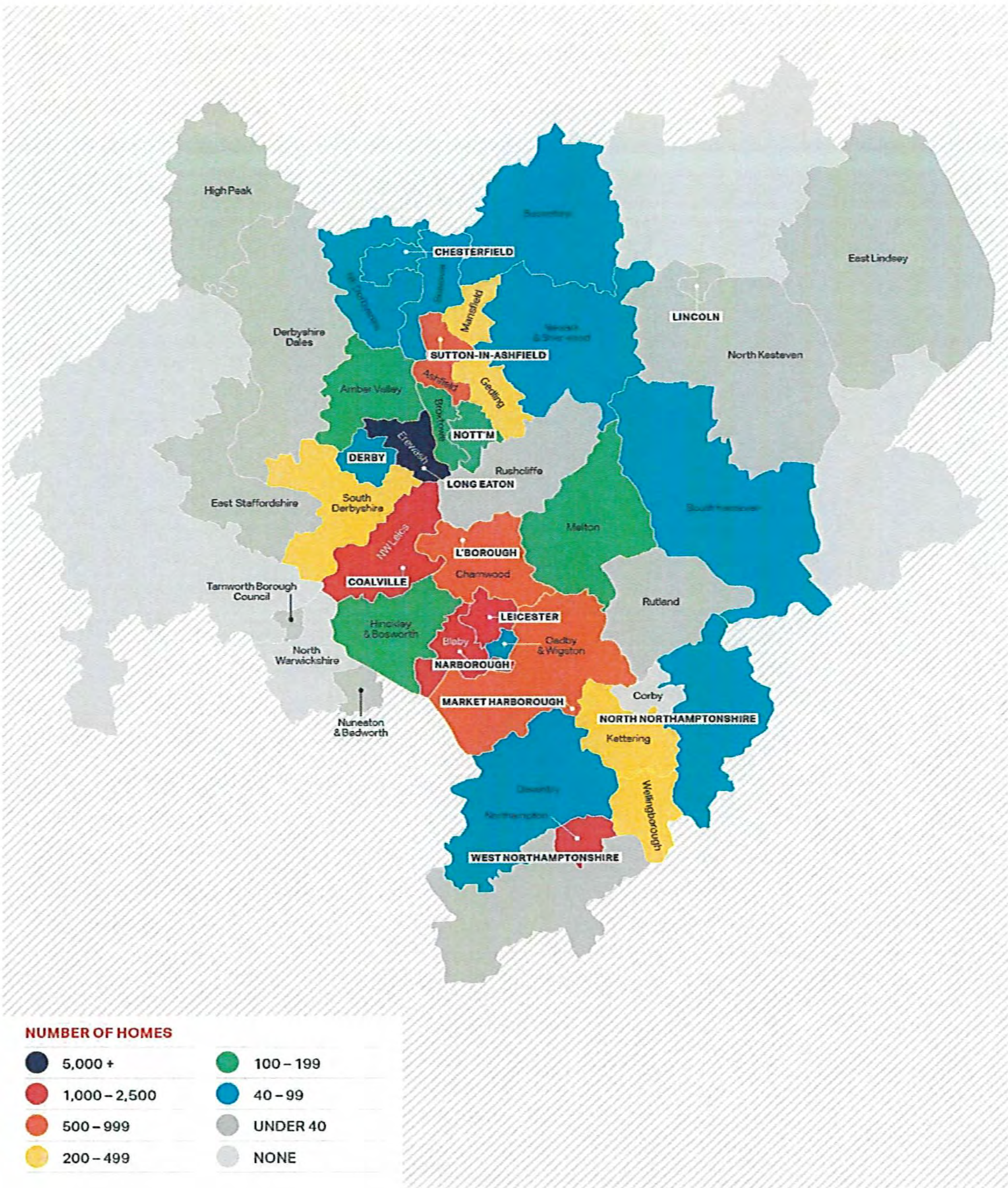
The table above gives a summary of the additional Sector Scorecard metrics based on the latest financial performance, compared to the prior year.

Value for Money is central to the delivery of the strategic objectives of the Group and in the current operating environment there is increasing pressure to reduce costs and provide cost effective services. Delivery of value for money is key for the group and we continue to challenge processes and working practices in order that we can continue to deliver high quality services with fewer resources. Value for money action plans are in place and being monitored to ensure progress.

**Operational Area**

STOCK ACTIVITY MAP

# Homes owned across the East Midlands



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

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

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

The financial statements are required by law to give a true and fair view of the state of affairs of the group and the association and of the income and expenditure of the group and the association 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;
- assess the group and the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.

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.

**Statement of Compliance**

The Board 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. emh Group's statement on modern slavery 2019 has been made available on our website at www.emh.co.uk.

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

The Board also take steps to ensure that the Group adheres to the regulator's 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. Following this review, the Board confirms that the Group complies with the Governance and Financial Viability standard. The Group retains the highest ratings for Governance and Viability from our regulator.

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 31st March 2025, the Group were compliant with GDPR and the Data Protection Act 2018.

Since 31 March 2024, emh Group, emh Homes, emh Care and Support and Midlands Rural Housing were compliant with the National Housing Federation's Code of Governance 2015. The code has not been adopted by Sharpes Garden Services or emh Treasury PLC. The annual self-assessment of compliance with both the Regulator of Social Housing Governance and Viability Standard, and the NHF Code of Governance (2015) confirmed full compliance for the year ended 31 March 2025. The Group Board adopted the NHF Code of Governance 2020 in March 2021 and action plan is in place to work towards full compliance.

After careful consideration, the Board decided to adopt the National Housing Federations' Code for Housing Association Mergers, Group Structures and Partnerships; a voluntary code that provides a framework for strategic discussions. The Board have approved a Partnership and Merger Strategy which is closely aligned to our Value for Money Strategy.

The Board confirms that this Strategic Report has been prepared in accordance with the principles set out in the Statement of Recommended Practice: Accounting by Registered Social Housing Providers Update 2018.

**Disclosure of information to auditor**

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

D m Russell
D m Russell (Aug 29, 2025 16:59:49 GMT+1)

**DAVID RUSSELL**

***Chairman***

**Opinion on the financial statements**

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Association's affairs as at 31 March 2025 and of the Group's and the Association's income and expenditure for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been properly prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014, the Co-operative and Community Benefit Societies (Group Accounts) Regulations 1969, 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 East Midlands Housing Group Limited ("the Association") and its subsidiaries ("the Group") for the year ended 31 March 2025, which comprise the Parent and Consolidated Statement of Comprehensive income, the Parent and Consolidated Statement of Financial Position, the Parent and Consolidated Statement of Changes in Reserves, the Consolidated 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. Our audit opinion is consistent with the additional report to the Group Audit Committee.

*Independence*

Following the recommendation of the Group Audit Committee, we were appointed by Group Board to audit the financial statements for the year ending 31 March 2025 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is one year.

We remain independent of the Group and the Parent 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 as applied to listed public interest entities and we have fulfilled our other ethical responsibilities in accordance with these requirements. The non-audit services prohibited by that standard were not provided to the Group or the Parent Association.

**Conclusions relating to going concern**

In auditing the financial statements, we have concluded that the Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Board's assessment of the Group and the Parent Association's ability to continue to adopt the going concern basis of accounting included:

- obtaining management's assessment that supports the Board's conclusions with respect to the disclosures provided around going concern;
- considering the appropriateness of management's forecasts by reviewing and assessing assumptions applied by management, assessing historical forecasting accuracy and considering the reasonableness of the range of scenarios included in management's consideration of downside sensitivity analysis;
- challenging management on the suitability of the mitigating actions identified in their assessment and the quantum and period ascribed to these mitigating actions;
- obtaining an understanding of the financing facilities from the finance agreements, including the nature of the facilities, covenants and attached conditions;
- assessing the facility and covenant headroom calculations; and
- considering the adequacy of the disclosures in the financial statements against the requirements of the accounting standards and consistency of the disclosure against the forecasts and stress test scenarios.

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 Group and the Parent 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.

**Overview**

| | | |
|---|---|---|
| **Key audit matters** | | **2025** |
| | The recoverable amount of property developed for sale | ✓ |
| | Cost apportionment on developments | ✓ |
| **Materiality** | *Group financial statements as a whole*<br><br>£19.6m based on 1.25% of total assets | |

**An overview of the scope of our audit**

Our Group audit was scoped by obtaining an understanding of the Group and its environment, the applicable financial reporting framework and the Group's system of internal control. On the basis of this, we identified and assessed the risks of material misstatement of the Group financial statements including with respect to the consolidation process. We then applied professional judgement to focus our audit procedures on the areas that posed the greatest risks to the group financial statements. We continually assessed risks throughout our audit, revising the risks where necessary, with the aim of reducing the group risk of material misstatement to an acceptable level, in order to provide a basis for our opinion.

*Components in scope*

There are 7 entities within the Group, including the Parent Association. The nature of the entities in the Group are as follows:

- 2 of these entities are Registered providers of social housing, including the Group's main operating entity emh Housing & Regeneration Limited;
- 1 entity is a charity which provides care and support services;
- 1 entity is the funding vehicle, which borrows externally and on lends to Group members;
- 1 entity is the development vehicle, which provides services to Group members only;
- 1 entity is a garden maintenance and landscaping company providing services mainly to other group entities;
- 1 entity is a non-charitable society providing specialist management services to 4 independent rural housing associations.
-

We performed risk assessment procedures to identify areas in the Group's financial statements that may be at risk of material misstatement. We used both qualitative and quantitative factors to perform this assessment including evaluating the size, complexity, and nature of each entity's activities, reviewing significant transactions or estimates and any changes in the business environment. The Group is centrally managed, with the Group Finance team controlling the processes and controls for all entities within the Group

We identified the specific areas that could lead to a material misstatement at Group level. As part of our Group audit, we assessed each component against the risks of material misstatement identified.

**An overview of the scope of our audit** (continued)

*Procedures performed at the component level*

For components in scope, we used a combination of risk assessment procedures and further audit procedures to obtain sufficient appropriate evidence to support the Group opinion. We performed procedures to respond to group risks of material misstatement at the component level that included the following:

| Component | Component Name | Entity | Group Audit Scope |
|---|---|---|---|
| 1 | EMHG | East Midlands Housing Group Limited | Statutory audit and procedures on the entire financial information of the component. |
| 2 | EMHH | EMH Housing and Regeneration Limited | Procedures on entire financial information |
| 3 | EMHT plc | EMH Treasury Plc | Procedures on one or more classes of transactions, account balances or disclosures |
| 4 | EMHCS | EMH Care and Support Limited | Procedures on one or more classes of transactions, account balances or disclosures |
| 5 | EMHS | Sharpes Garden Service Limited | Procedures on one or more classes of transactions, account balances or disclosures |
| 6 | EMHD | EMH Development Company Limited | Procedures on one or more classes of transactions, account balances or disclosures |
| 7 | MRHA | Midlands Rural Housing Limited | No specific procedures for the group audit opinion |

The Group engagement team has performed all procedures and has not involved component auditors in the Group audit.

**An overview of the scope of our audit** (continued)

*Key audit matters*

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

<table>
<tr><th colspan="2">Key audit matter</th><th>How the scope of our audit addressed the key audit matter</th></tr>
<tr><td>The recoverable amount of property developed for sale<br><br>This relates to items included in note 17 of the financial statements.<br><br>This area also represents a key judgement made by management as described in Note 2.</td><td>Properties developed for sale, including shared ownership first tranches and properties developed for outright sale, are measured at the lower of cost and net realisable value resulting in an amount recognised in the balance sheet of £19.2m (2024: £19.2m).<br><br>For completed properties at the statement of financial position date an assessment is needed of the anticipated selling price.<br><br>For properties in development at the statement of financial position date, an assessment is needed of both an anticipated selling price and a determination of the expected costs to complete and sell.<br><br>Due to the volume of properties developed for sale and the level of judgement there is inherent estimation uncertainty for both sales proceeds and costs to complete we considered there is a significant risk that the carrying amount of properties developed for sale is misstated. We therefore considered this to be a key audit matter.</td><td>Our response included the following:<br><br>We obtained management's assessment of the recoverable amount of properties held for sale and critically assessed the data, judgements and estimates included within this assessment, including corroboration to source documents.<br><br>For the schemes identified as having a recoverability risk and a sample of non risky schemes, we performed one or a combination of the below based on the risk attached to each sample selected:<br><br>1. For forecast sales price:<br>• Completed units sold after the year end – agreed to completion statement.<br>• Completed and in progress units not sold after date and work in progress – we obtained: third party formal valuation of the property; sales prices achieved for comparable properties in the year.<br><br>2. For costs to complete we performed one or a combination of the following:<br>• Obtained the latest cost consultant report or build contractor's invoice and compared construction costs with total contract value, taking into account latest contract variations.<br>• Obtained details of the expected costs to complete from the scheme budget and agreed the budgeted contract costs of the development to the latest contract documentation and considered the appropriateness of any estimates used.</td></tr>
</table>

**An overview of the scope of our audit** (continued)

*Key audit matters (continued)*

| Key audit matter | | How the scope of our audit addressed the key audit matter |
|---|---|---|
| ***The recoverable amount of property developed for sale*** *(continued)* | | • Assessed the accuracy of cost forecasting by looking at the outturn of costs compared to budget on schemes completed in the year.<br>• For the schemes selected we reviewed invoices and valuation certificates booked after the year end in order to assess completeness of expenditure and reasonableness compared to spend forecast.<br>• For development schemes in progress, we discussed with the project manager whether there was any indication of any potential cost issues (corroborating as required) in relation to:<br>  o Price inflation<br>  o Contractor solvency<br>  o Variations, including contractor request to increase the price of a fixed price contract<br><br>3. For costs to sell – we reviewed computations of selling costs and compared with known selling costs that have been incurred in the year.<br><br>**Key observations:**<br>We concluded that the accounting in this area is reasonable in the context of our audit of the financial statements as a whole. |

**An overview of the scope of our audit** (continued)

*Key audit matters (continued)*

| Key audit matter | | How the scope of our audit addressed the key audit matter |
|---|---|---|
| ***Cost apportionment on Developments***<br><br>This relates to items included in notes 14 & 17 of the financial statements. | Costs incurred in developing schemes with multiple units and multiple tenure types need to be apportioned on an appropriate and consistent basis. Where there are shared ownership units those costs must be further apportioned between the first tranche and retained equity elements.<br><br>Due to the volume of developments and the level of judgement in determining costs apportionments, there is an inherent risk of estimation uncertainty, complexity and management bias and therefore of material misstatement.<br><br>There is a risk around profit recognition via cost apportionment between first tranche and the retained equity on shared ownership plots sold, and between units within a development scheme, ensuring that costs are apportioned on an appropriate and consistent basis. | Our response included the following:<br><br>• We have assessed the allocation of costs to tenure types and individual plots, as well as the apportionment between first tranche and retained equity elements, on development schemes that are subsequently taken to cost of sales.<br>• We have reviewed the consistency between cost allocation and initial development plans, development team minutes and actual property sales activity.<br><br>**Key observations:**<br>We concluded that the accounting in this area is reasonable in the context of our audit of the financial statements as a whole. |

**Our application of materiality**

We apply the concept of materiality both in planning and performing our audit, and in evaluating the effect of misstatements. We consider materiality to be the magnitude by which misstatements, including omissions, could influence the economic decisions of reasonable users that are taken on the basis of the financial statements.

In order to reduce to an appropriately low level the probability that any misstatements exceed materiality, we use a lower materiality level, performance materiality, to determine the extent of testing needed. Importantly, misstatements below these levels will not necessarily be evaluated as immaterial as we also take account of the nature of identified misstatements, and the particular circumstances of their occurrence, when evaluating their effect on the financial statements as a whole.

**Our application of materiality** (continued)

Based on our professional judgement, we determined materiality for the financial statements as a whole and performance materiality as follows:

| | **Group financial statements** | **Parent Association financial statements** |
|---|---|---|
| | **2025** | **2025** |
| **Financial statement materiality** | | |
| Materiality | £19,553,000 | £73,000 |
| Basis for determining materiality | 1.25% of total assets | 1.25% of total assets |
| Performance materiality | £13,687,000 | £50,000 |
| Basis for determining performance materiality | 70% of materiality | 70% of materiality |
| **Specific materiality** | | |
| Specific materiality | £2,306,000 | |
| Basis for determining specific materiality | 1.5% of revenue | |
| Specific performance materiality | £1,614,000 | |
| Basis for determining specific performance materiality | 70% of materiality | |

*Rationale for the benchmarks applied*

A housing association's key stakeholders are primarily focused on the value of the stable, rented asset portfolio, as their debt is secured on these assets. Total assets is therefore considered to be the appropriate benchmark for determining overall materiality. However, we also determined that for other classes of transactions and balances in income and expenditure recognised within the statement of comprehensive income that are used in covenant calculations and sector benchmarking metrics, as well as other financial statement areas such as property for sale stock and rent arrears that are subject to greater scrutiny by key stakeholders, a misstatement of less than materiality for the financial statements as a whole could influence the economic decisions of the users of the financial statements. As a result, we applied a specific materiality calculated using Revenue as the benchmark to these balances and transactions.

**Our application of materiality** (continued)

We have determined that 70% of materiality is an appropriate basis for performance materiality based on our understanding of the group and review of the predecessor file for experience of the factors such as the low levels of misstatements previously identified partially offset by some areas of the financial statements subject to significant estimation uncertainty.

*Component performance materiality*

For the purposes of our Group audit opinion, we set performance materiality for each component of the Group, apart from the Parent Association whose materiality and performance materiality are set out above, based on a percentage of between 0.1% and 77% of Group performance materiality dependent on a number of factors including our assessment of the risk of material misstatement of those components. Component performance materiality ranged from £7,000 to £10,570,000.

*Reporting threshold*

We agreed with the Group Audit Committee that we would report to them all individual audit differences in excess of £391,000 in relation to financial statement materiality and £46,000 in relation to specific materiality. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

**Other information**

The Board are responsible for the other information. The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. 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 course of 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 this gives rise to a material misstatement in the financial statements themselves. 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 and Community Benefit Societies Act 2014 to report to you if, in our opinion:

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

**Responsibilities of the Board**

As explained more fully in the Statement of Boards' Responsibilities in Respect of the Boards' Report and the Financial Statement, 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 Group and 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 Group or 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 Group and the industry in which it operates;
- discussion with management and those charged with governance; and
- obtaining an understanding of the Group'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, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

The Group 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, Building safety legislation, health and safety legislation, Health and Social Care 2008, the Bribery Act 2010, taxation legislation, employment law and data protection.

**Auditor's responsibilities for the audit of the financial statements** (continued)

Our procedures in respect of the above included:

- review of minutes of meetings 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 Group'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 meetings 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.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override of controls, including the posting of inappropriate journals to manipulate financial results, management bias in accounting estimates, completeness cut off on property sales and fraud in revenue recognition in relation to care and support income.

Our procedures in respect of the above included:

- testing all journal entries that met defined risk criteria, as well as a random sample, 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;
- reviewing bank statements to identify property sale transactions and ensuring that they are appropriately recorded in the correct accounting period;
- testing a sample of care and support income transactions through the year back to contracts and evidence of the delivery of the care services; and
- a review of unadjusted differences for indications of bias or deliberate misstatement.

**Auditor's responsibilities for the audit of the financial statements** (continued)

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members, who were all deemed to have appropriate competence and capabilities, 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 is available 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).

## EAST MIDLANDS HOUSING GROUP LIMITED
## PARENT AND CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2025

| | Note | GROUP 2025 £000 | PARENT 2025 £000 | GROUP 2024 £000 | PARENT 2024 £000 |
|---|---|---|---|---|---|
| Turnover | 3 | 152,527 | 17,130 | 147,489 | 15,202 |
| Cost of sales | 3 | (12,846) | - | (16,683) | - |
| Operating costs | 3 | (108,772) | (15,756) | (101,109) | (14,777) |
| Surplus on disposal of tangible fixed assets | 8 | 4,683 | - | 4,826 | - |
| **Operating surplus** | 3 | 35,592 | 1,374 | 34,523 | 425 |
| Interest receivable and other income | 9 | 1,694 | 100 | 1,502 | 62 |
| Interest payable and similar charges | 10 | (22,387) | - | (21,777) | - |
| Finance income/(costs) | 11 | (117) | (52) | 109 | (47) |
| Movement in fair value of investment properties | 14 | - | - | (74) | - |
| Donations | 12 | - | (1,650) | - | (480) |
| **Surplus/(deficit) before taxation** | 5 | 14,782 | (228) | 14,283 | (40) |
| Taxation on surplus/(deficit) | 13 | 16 | - | (73) | 6 |
| **Surplus/(deficit) for the year** | | 14,798 | (228) | 14,210 | (34) |
| **Other comprehensive income** | | | | | |
| Remeasurement of Local Government Pension Schemes | 28 | (77) | - | (405) | - |
| Remeasurement of Social Housing Pension Schemes | 28 | 779 | 157 | (1,633) | (324) |
| Remeasurement of the Reimbursement Asset | 28 | (70) | - | 541 | - |
| **Total comprehensive income for the year** | | 15,430 | (71) | 12,713 | (358) |

The notes on pages 43 to 91 form part of these financial statements.

## EAST MIDLANDS HOUSING GROUP LIMITED

## PARENT AND CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2025

| | Note | GROUP 2025 £000 | PARENT 2025 £000 | GROUP 2024 £000 | PARENT 2024 £000 |
|---|---|---|---|---|---|
| **Fixed assets** | | | | | |
| Housing properties | 14 | 1,175,969 | - | 1,086,594 | - |
| Investment properties | 14 | 370 | - | 370 | - |
| Other tangible fixed assets | 14 | 11,136 | 1,344 | 11,585 | 1,728 |
| Investments | 15 | 4,152 | 217 | 1,209 | 217 |
| Investment in subsidiaries | 16 | - | 93 | - | 93 |
| HomeBuy loan receivable | | 4,907 | - | 5,047 | - |
| **Total fixed assets** | | 1,196,534 | 1,654 | 1,104,805 | 2,038 |
| **Current assets** | | | | | |
| Reimbursement Assets (due after 1 year) | 28 | 337 | - | 560 | - |
| Properties for sale and work in progress | 17 | 19,219 | - | 19,203 | - |
| Trade and other debtors (including £431k due after 1 year) | 19 | 15,922 | 3,350 | 19,229 | 5,223 |
| Short term investments | 20 | - | - | 2,991 | - |
| Cash and cash equivalents | | 34,053 | 832 | 44,294 | 2,074 |
| **Total current assets** | | 69,531 | 4,182 | 86,277 | 7,297 |
| **Creditors:** amounts falling due within one year | 21 | (45,722) | (4,047) | (37,597) | (7,075) |
| **Net current assets** | | 23,809 | 135 | 48,680 | 222 |
| **Total assets less current liabilities** | | 1,220,343 | 1,789 | 1,153,485 | 2,260 |
| **Creditors:** amounts falling due after one year | 22 | (945,032) | - | (891,057) | - |
| **Provisions for liabilities** | | | | | |
| Leave provision | 27 | - | - | (369) | - |
| Pension liability | 28 | (4,639) | (816) | (6,817) | (1,216) |
| **Net assets** | | 270,672 | 973 | 255,242 | 1,044 |
| **Capital and reserves** | | | | | |
| Called up share capital | 29 | - | - | - | - |
| Restricted reserves | 30 | 414 | - | 423 | - |
| Revenue reserves | | 270,258 | 973 | 254,819 | 1,044 |
| **Total funds** | | 270,672 | 973 | 255,242 | 1,044 |

The notes on pages 43 to 91 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:

D m Russell
D m Russell (Aug 29, 2025 16:59:49 GMT+1)

**DAVID RUSSELL**
Chairman

**CHANDRAKANT KATARIA**
Chief Executive

J.Tilley
J.Tilley (Aug 29, 2025 17:03:14 GMT+1)

**JOANNE TILLEY**
Secretary

# EAST MIDLANDS HOUSING GROUP LIMITED

## PARENT AND CONSOLIDATED STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31 MARCH 2025

| GROUP | Called up share capital £'000 | Revenue reserve £'000 | Restricted reserve £'000 | Total equity £'000 |
|---|---|---|---|---|
| Balance at 1 April 2024 | - | 254,819 | 423 | 255,242 |
| **Total comprehensive income for the period** | | | | |
| Surplus for the year | - | 14,807 | (9) | 14,798 |
| Remeasurement of Pension Schemes | - | 702 | - | 702 |
| Remeasurement of the Reimbursement Asset | - | (70) | - | (70) |
| **Balance at 31 March 2025** | - | 270,258 | 414 | 270,672 |
| Balance at 1 April 2023 | - | 241,798 | 731 | 242,529 |
| **Total comprehensive income for the period** | | | | |
| Surplus for the year | - | 14,518 | (308) | 14,210 |
| Remeasurement of Pension Schemes | - | (2,038) | - | (2,038) |
| Remeasurement of the Reimbursement Asset | - | 541 | - | 541 |
| **Balance at 31 March 2024** | - | 254,819 | 423 | 255,242 |

| PARENT | Called up share capital £'000 | Revenue reserve £'000 | Restricted reserve £'000 | Total equity £'000 |
|---|---|---|---|---|
| Balance at 1 April 2024 | - | 1,044 | - | 1,044 |
| **Total comprehensive income for the period** | | | | |
| Deficit for the year | - | (228) | - | (228) |
| Remeasurement of Pension Schemes | - | 157 | - | 157 |
| **Balance at 31 March 2025** | - | 973 | - | 973 |
| Balance at 1 April 2023 | - | 1,402 | - | 1,402 |
| **Total comprehensive income for the period** | | | | |
| Deficit for the year | - | (34) | - | (34) |
| Remeasurement of Pension Schemes | - | (324) | - | (324) |
| **Balance at 31 March 2024** | - | 1,044 | - | 1,044 |

The notes on pages 43 to 91 form part of these financial statements.

## EAST MIDLANDS HOUSING GROUP LIMITED
## CONSOLIDATED STATEMENT OF CASHFLOWS
FOR THE YEAR ENDED 31 MARCH 2025

| GROUP | Note | 2025 £'000 | 2024 £'000 |
|---|---|---|---|
| **Cashflows from operating activities** | | | |
| Operating surplus for the year | 3 | 35,592 | 34,523 |
| *Adjustments for non-cash items:* | | | |
| Depreciation of tangible fixed assets | 14 | 22,191 | 21,004 |
| Impairment of tangible fixed assets | 14 | - | (245) |
| Amortisation charges | | 493 | 1,865 |
| Deferred government grants amortisation | 3 | (2,721) | (2,614) |
| Pensions costs less contributions payable | 28 | (1,615) | (913) |
| Corporation Tax | | 16 | (142) |
| Revaluation of investment properties | | - | (73) |
| Net book value sales of other tangible fixed assets | | 2,926 | 3,066 |
| (Increase)/decrease in stock | | (16) | 2,998 |
| Decrease/(increase) in trade & other debtors | | 3,537 | (9,089) |
| Increase in trade and other creditors | | 3,062 | 7,224 |
| Decrease in provisions and employee benefits | | (247) | (84) |
| **Net cash from operating activities** | | **63,218** | **57,520** |
| **Cashflows from investing activities** | | | |
| Interest received | | 1,686 | 1,524 |
| Acquisition of tangible fixed assets | | (104,821) | (110,311) |
| 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** | | **(64,389)** | **(93,987)** |
| **Cashflow from financing activities** | | | |
| Proceeds from new loan | | 20,023 | 145,542 |
| Interest paid | | (27,804) | (26,790) |
| Repayment of borrowings | | (1,289) | (83,409) |
| **Net cash from financing activities** | | **(9,070)** | **35,343** |
| Net change in cash and cash equivalents | | (10,241) | (1,124) |
| Cash and cash equivalents at start of period | | 44,294 | 45,418 |
| **Cash and cash equivalents at end of period** | | **34,053** | **44,294** |

The notes on pages 43 to 91 form part of these financial statements.

## 1 LEGAL STATUS

emh Group is the trading name of East Midlands Housing Group Limited, incorporated under the Co-operative and Community Benefit Society Act 2014. The company registration number is IP030476. It is registered with The Regulator of Social Housing (registration number L4530). Its principal place of business is Memorial 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 Group and company are prepared in accordance with Financial Reporting Standard 102 - the applicable financial reporting standard in the UK and Republic of Ireland (FRS 102) and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers Update 2018 and comply with the Accounting Direction for Private Registered Providers of Social Housing 2022.

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

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:

Cash Flow Statement and related notes.

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

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

**Measurement convention**

The financial statements are prepared on the historical cost basis, except for investment property which is recognised at fair value.

**Basis of consolidation**

The financial statements consolidate the financial statements of the company and all subsidiary undertakings.

The subsidiary associations controlled by the Group, all of which are wholly owned, are as follows:

East Midlands Housing and Regeneration Limited
emh Care & Support Ltd
Sharpes Garden Services Limited
Midlands Rural Housing and Village Development Association Limited
emh Development Company Ltd
emh Treasury plc

**2 PRINCIPAL ACCOUNTING POLICIES** (CONTINUED)

**Going Concern – Group**

The financial statements have been prepared on a going concern basis which the directors consider to be appropriate for the following reasons.

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 company 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 company have adequate resources to continue in business for the foreseeable future. In order to reach this conclusion, the Board have considered:

- the property market – budget and business plan scenarios have taken account of delays in handovers, lower numbers of property sales, reductions in sales values and potential conversion of market sale to social homes;
- Maintenance costs – budget and business plan scenarios have been modelled to take account of cost increases and delays in maintenance expenditure, with major works being phased into future years;
- Rent and service charge receivable – arrears and bad debts have been increased to allow for customer difficulties in making payments and budget and business plan scenarios to take account of potential future reductions in rents;
- Liquidity – current available cash, unutilised loan facilities of £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 Directors are confident that the Group and Association will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

## 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 Group 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-to-day 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.

**Investment Properties**

Investment properties consist of properties not used for social/charitable purposes and let at market rate. They are measured at cost on initial recognition and subsequently at fair value at the year end. Fair value is determined through an annual desktop review or where triggers indicate a valuation may be appropriate.

**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.

## 2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

**HomeBuy**

Under the HomeBuy scheme, the Group 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 Group meet the definition of concessionary loans and are shown as HomeBuy Loan Receivable 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 Group 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 Group is able to retain any surplus proceeds less sale costs attributable to the equivalent loaned percentage share of the value of the property. If there is a fall in value of the property the shortfall in proceeds is offset against the grant.

**Properties held for sale and work in progress**

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

**Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value. 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.

**2 PRINCIPAL ACCOUNTING POLICIES** (CONTINUED)

**Impairment excluding stocks and deferred tax assets**

*Financial assets (including trade and other debtors)*

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

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 Group 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 and Current Assets*

The Group's internal controls are designed to identify where impairment triggers for reduction in the 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 Group'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 Group 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 Group's obligations. A valuation is performed annually by a qualified actuary using the projected unit credit method. The Group 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 Group participates in 4 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 NHS 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.

**2 PRINCIPAL ACCOUNTING POLICIES** (CONTINUED)

**Employee benefits** (continued)

Leicestershire County Council Pension Fund

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

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

Derbyshire County Council Pension Scheme

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

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

The NHS Pension Scheme

The scheme is an unfunded, defined benefit scheme that covers NHS employers, GP practices and other bodies, allowed under the direction of the Secretary of State, in England and Wales. The scheme is not designed to be run in a way that would enable NHS bodies to identify their share of the underlying scheme assets and liabilities. Therefore, the scheme is accounted for as if it were a defined contribution scheme: the cost to the NHS Body of participating in the scheme is taken as equal to the contributions payable to the scheme for the accounting period.

**Reimbursement assets**

Reimbursement assets are recognised when the Group is virtually certain that another party will reimburse some or all of the expenditure required to settle a defined benefit obligation. The right to reimbursement is recognised as a separate asset. The asset is treated in the same way as the plan assets.

**Termination benefits**

Termination benefits are recognised when the Group 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.

**2 PRINCIPAL ACCOUNTING POLICIES** (CONTINUED)

**Provisions**

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

**Restricted Reserves**

Restricted reserves are funds which are to be used in accordance with the specific restrictions imposed by donors or which have been raised by the Group for particular purposes. The cost of raising and administering such funds are charged against the specific fund. The aim and use of each restricted fund is set out in the notes to the financial statements.

**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.

**Segmental Reporting**

For the purpose of segmental reporting, the chief operating decision maker (CODM) is considered to be the Board. In line with the segments reported to the CODM, the presentation of these financial statements and accompanied notes reflects the Group's management and internal reporting. The information reviewed within the management accounts to assess performance and make strategic decisions is consistent with and closely aligned to these financial statements. Segmental reporting is presented in Note 3 to the financial statements where information about income and expenditure attributable to the material operating segments are presented on the basis of the tenure type of the housing assets held by the Group. This is appropriate on the basis of the similarity of the services provided, the nature of the risks associated, and the nature of the regulatory environment in which the Group operates.

Assets and liabilities are not reported by operating segment or tenure, other than housing properties which are split by tenure type and are shown in Note 14.

**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.

**2 PRINCIPAL ACCOUNTING POLICIES** (CONTINUED)

**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 profit and loss account on a straight line basis over the lease term.

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 include interest receivable on funds invested.

Interest income and interest payable are recognised in profit as they accrue.

**VAT**

The group is VAT registered but a large proportion of its income; rents, service charges and care & support income: is exempt for VAT purposes and therefore gives rise to a partial exemption calculation. Expenditure is therefore shown inclusive of VAT and the input VAT recovered is included as a credit in the income and expenditure account.

**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.

**2 PRINCIPAL ACCOUNTING POLICIES** (CONTINUED)

**Key Judgements, Estimates and Assumptions** (continued)

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 18.

Value of schemes in development

The Group 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 net realisable value, using market assessments 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 28.

**3 PARTICULARS OF TURNOVER, COST OF SALES, OPERATING EXPENDITURE AND OPERATING SURPLUS - GROUP**

| | 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 | - | (56,509) | 20,761 | 70,441 | - | (52,064) | 18,377 |
| Supported housing and housing for older people | 30,846 | - | (26,498) | 4,348 | 28,235 | - | (23,659) | 4,576 |
| Low cost home ownership | 9,213 | - | (4,362) | 4,851 | 8,212 | - | (3,790) | 4,422 |
| | **117,329** | **-** | **(87,369)** | **29,960** | **106,888** | **-** | **(79,513)** | **27,375** |
| **Other social housing activities** | | | | | | | | |
| Support activities | 1 | - | (239) | (238) | 117 | - | (564) | (447) |
| Sales of current asset properties | 12,961 | (12,846) | - | 115 | 20,350 | (16,683) | - | 3,667 |
| Other | 2,869 | - | (1,525) | 1,344 | 3,527 | - | (2,182) | 1,345 |
| | **15,831** | **(12,846)** | **(1,764)** | **1,221** | **23,994** | **(16,683)** | **(2,746)** | **4,565** |
| **Total social housing** | **133,160** | **(12,846)** | **(89,133)** | **31,181** | **130,882** | **(16,683)** | **(82,259)** | **31,940** |
| Non-social housing activities | 18,204 | - | (18,341) | (137) | 15,794 | - | (17,695) | (1,901) |
| Non housing activities | 1,163 | - | (1,298) | (135) | 813 | - | (1,155) | (342) |
| **Total** | **152,527** | **(12,846)** | **(108,772)** | **30,909** | **147,489** | **(16,683)** | **(101,109)** | **29,697** |
| Gain on disposal of tangible fixed assets | | | | 4,683 | | | | 4,826 |
| **Operating surplus** | | | | **35,592** | | | | **34,523** |

| 3 SOCIAL HOUSING LETTINGS - GROUP | 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 | 22,479 | 8,347 | 103,358 | 94,066 |
| Service charges receivable | 2,836 | 7,537 | 513 | 10,886 | 9,988 |
| **Net rents receivable** | **75,368** | **30,016** | **8,860** | **114,244** | **104,054** |
| Amortised government grant | 1,902 | 462 | 353 | 2,717 | 2,614 |
| Other | - | 368 | - | 368 | 220 |
| **Total income from lettings** | **77,270** | **30,846** | **9,213** | **117,329** | **106,888** |
| Expenditure on lettings activities: | | | | | |
| Management | 16,727 | 6,889 | 2,219 | 25,835 | 22,593 |
| Service charge costs | 4,644 | 7,663 | 631 | 12,938 | 11,244 |
| Routine maintenance | 15,490 | 6,250 | 29 | 21,769 | 20,284 |
| Planned maintenance | 2,633 | 1,074 | 30 | 3,737 | 4,128 |
| Major repairs expenditure | 788 | 551 | 91 | 1,430 | 487 |
| Bad debts | 298 | 214 | 41 | 553 | 913 |
| Depreciation of housing properties | 15,290 | 3,600 | 1,260 | 20,150 | 19,019 |
| Other costs | 639 | 257 | 61 | 957 | 845 |
| **Total expenditure on lettings** | **56,509** | **26,498** | **4,362** | **87,369** | **79,513** |
| **Operating surplus on lettings** | **20,761** | **4,348** | **4,851** | **29,960** | **27,375** |
| Void losses | 831 | 1,122 | 2 | 1,955 | 1,587 |

**3 PARTICULARS OF TURNOVER, COST OF SALES, OPERATING EXPENDITURE AND OPERATING SURPLUS - PARENT**

| | Turnover | Operating costs | Operating surplus | Turnover | Operating costs | Operating surplus |
|---|---|---|---|---|---|---|
| | | 2025 | | | 2024 | |
| | | £'000 | | | £'000 | |
| **Other social housing activities** | | | | | | |
| Support activities | 17,130 | (15,756) | 1,374 | 15,202 | (14,777) | 425 |
| | **17,130** | **(15,756)** | **1,374** | **15,202** | **(14,777)** | **425** |
| **Total social housing** | **17,130** | **(15,756)** | **1,374** | **15,202** | **(14,777)** | **425** |
| **Operating surplus** | | | **1,374** | | | **425** |

| 4 HOUSING STOCK - GROUP | 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 | 4,411 | 13 | (28) | 7 | 4,403 |
| Low cost home ownership | 2,246 | 163 | (34) | (26) | 2,349 |
| Managed on behalf of other landlords | 1,332 | 11 | (2) | - | 1,341 |
| Total social housing managed | 20,206 | 446 | (93) | - | 20,559 |
| **Non-social housing managed** | | | | | |
| Leaseholders | 633 | 1 | (6) | - | 628 |
| Freehold | 255 | 21 | (10) | - | 266 |
| Day care centres | 4 | - | (1) | - | 3 |
| Registered care bed spaces | 47 | - | - | - | 47 |
| Commercial | 28 | - | - | - | 28 |
| Total non-social housing managed | 967 | 22 | (17) | - | 972 |
| **Total housing stock** | **21,173** | **468** | **(110)** | **-** | **21,531** |
| Garages and other non-habitable units | 935 | - | - | - | 935 |
| **Total units managed** | **22,108** | **468** | **(110)** | **-** | **22,466** |
| **Housing units in development pipeline** | **1,090** | | | | **1,054** |

At 31 March 2025 the Group owned 148 units (2024: 148) which are managed by agents.

| | GROUP 2025 £000 | PARENT 2025 £000 | GROUP 2024 £000 | PARENT 2024 £000 |
|---|---|---|---|---|
| **5 EXPENSES AND AUDITORS REMUNERATION** | | | | |
| Included in surplus are the following: | | | | |
| Depreciation of tangible fixed assets | | | | |
| Housing properties | 20,276 | - | 19,075 | - |
| Other owned assets | 1,915 | 726 | 1,929 | 670 |
| Surplus on sale of fixed assets | 4,683 | - | 4,826 | - |
| Auditors' remuneration | | | | |
| For the audit of the annual accounts | 212 | 23 | 190 | 20 |
| For other services | 35 | - | 25 | - |
| Operating lease payments | | | | |
| Motor Vehicles | 1,068 | - | 587 | - |
| Office Equipment | 21 | - | 12 | - |
| Land and Buildings | 86 | 314 | 89 | 281 |

## 6 STAFF NUMBER AND COSTS

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

| | GROUP 2025 Number | PARENT 2025 Number | GROUP 2024 Number | PARENT 2024 Number |
|---|---|---|---|---|
| Office staff | 430 | 139 | 418 | 136 |
| Wardens and caretakers | 30 | - | 29 | - |
| Care & Support Staff | 320 | - | 330 | - |
| Operatives | 190 | - | 194 | - |
| | 970 | 139 | 971 | 136 |

| | 2025 £000 | 2025 £000 | 2024 £000 | 2024 £000 |
|---|---|---|---|---|
| Staff costs for the above persons: | | | | |
| Wages and salaries | 35,854 | 7,553 | 33,246 | 6,835 |
| Social security costs | 3,423 | 783 | 3,089 | 711 |
| Pension costs | 2,627 | 541 | 2,493 | 489 |
| Termination benefits | 432 | 41 | 146 | 24 |
| | 42,336 | 8,918 | 38,974 | 8,059 |

| | GROUP 2025 £000 | PARENT 2025 £000 | GROUP 2024 £000 | PARENT 2024 £000 |
|---|---|---|---|---|

## 7 BOARD MEMBERS AND EXECUTIVE DIRECTORS

The total remuneration paid to the directors of the Group (the Board and Executive Management Team) was:

| | GROUP 2025 £000 | PARENT 2025 £000 | GROUP 2024 £000 | PARENT 2024 £000 |
|---|---|---|---|---|
| Emoluments (including pension contributions and benefits-in-kind) paid to: | | | | |
| Executive Directors | 1,079 | 1,079 | 1,007 | 1,007 |
| Directors and Senior Staff | 4,600 | 2,463 | 3,891 | 2,156 |
| Board Members | 134 | 119 | 151 | 133 |
| | 5,813 | 3,661 | 5,049 | 3,296 |

The emoluments of staff disclosed above (excluding pension contributions) include the amounts paid to:

| | | | | |
|---|---|---|---|---|
| The highest paid Director (the Chief Executive - Mr C Kataria) | 233 | 233 | 223 | 223 |

The Chief Executive is an ordinary member of the closed Social Housing Pension Scheme (SHPS), multi-employer defined benefit scheme and a current member of the Social Housing Pension Scheme (SHPS), multi-employer defined contribution scheme. No enhanced or special terms apply.

The number of directors and senior staff, including the highest paid director, who received emoluments (including pension contributions and compensation for loss of office) in the following ranges was:

| | GROUP 2025 Number | PARENT 2025 Number | GROUP 2024 Number | PARENT 2024 Number |
|---|---|---|---|---|
| £60k-£70k | 24 | 11 | 24 | 14 |
| £70k-£80k | 15 | 9 | 13 | 6 |
| £80k-£90k | 11 | 6 | 5 | 4 |
| £90k-£100k | 6 | 5 | 3 | 1 |
| £100k-£110k | 3 | 2 | 4 | 4 |
| £110k-£120k | 4 | 3 | 4 | 2 |
| £120k-£130k | 2 | 1 | - | - |
| £130k-£140k | 1 | - | - | - |
| £140k-£150k | - | - | 1 | 1 |
| £150k-£160k | 1 | 1 | 1 | 1 |
| £160k-£170k | 1 | 1 | 1 | 1 |
| £180k-£190k | - | - | 1 | 1 |
| £190k-£200k | 1 | 1 | - | - |
| £240k-£250k | 1 | 1 | 1 | 1 |

Emoluments disclosed include payments to all members of the Executive Management Team in accordance with the Accounting Direction for Private Registered Providers of Social Housing 2022.

| | GROUP 2025 £000 | PARENT 2025 £000 | GROUP 2024 £000 | PARENT 2024 £000 |
|---|---|---|---|---|
| **8 SURPLUS ON DISPOSAL OF OTHER FIXED ASSETS** | | | | |
| Disposal proceeds | 8,647 | - | 7,199 | - |
| Grant abated | 835 | - | 187 | - |
| Cost of disposals | (4,799) | - | (2,560) | - |
| | 4,683 | - | 4,826 | - |

**9 INTEREST RECEIVABLE AND OTHER INCOME**

| | | | | |
|---|---|---|---|---|
| Interest receivable from unlisted investments | 1,694 | 100 | 1,502 | 62 |

**10 INTEREST PAYABLE AND SIMILAR CHARGES**

| | | | | |
|---|---|---|---|---|
| Loan interest | 27,386 | - | 24,993 | - |
| Amortisation of loan fees | 547 | - | 417 | - |
| Bond discount / premium | (12) | - | 251 | - |
| Commitment fees | - | - | 551 | - |
| Annual financing costs | 205 | - | 229 | - |
| FRS102 adjustment | (120) | - | 172 | - |
| Recycled capital grant fund | 252 | - | 427 | - |
| Less capitalised interest | (5,871) | - | (5,263) | - |
| | 22,387 | - | 21,777 | - |

**11 FINANCE INCOME AND COSTS**

| | | | | |
|---|---|---|---|---|
| Expected return on pension scheme assets | 3,189 | 251 | 3,383 | 248 |
| Interest on pension scheme liabilities | (3,306) | (303) | (3,274) | (295) |
| Net financing income/(costs) | (117) | (52) | 109 | (47) |

| | GROUP 2025 £000 | PARENT 2025 £000 | GROUP 2024 £000 | PARENT 2024 £000 |
|---|---|---|---|---|
| **12 DONATIONS** | | | | |
| Amounts Paid to emh Housing & Regeneration Ltd | - | (1,485) | - | (230) |
| Amounts Paid to emh Care & Support Ltd | - | (165) | - | (250) |
| | - | (1,650) | - | (480) |

Cash payments of £1,485k (2024: £230k) and £165k (2024: £250k) were made in the year to the subsidiaries emh Housing & Regeneration Ltd and emh Care and Support Ltd respectively.

## 13 TAXATION

Total tax expense recognised in the income and expenditure account, other comprehensive income and equity.

| | GROUP 2025 £000 | PARENT 2025 £000 | GROUP 2024 £000 | PARENT 2024 £000 |
|---|---|---|---|---|
| *Current tax* | | | | |
| Current tax on income for the period | - | - | 142 | - |
| Adjustments in respect of prior period | (16) | - | (69) | (6) |
| Total current tax | (16) | - | 73 | (6) |
| Total tax recognised in the income and expenditure account | (16) | - | 73 | (6) |

**Reconciliation of effective rate**

| | GROUP 2025 £000 | PARENT 2025 £000 | GROUP 2024 £000 | PARENT 2024 £000 |
|---|---|---|---|---|
| Surplus before taxation | 14,782 | (228) | 14,283 | (40) |
| Total tax (credit)/charge | (16) | - | 73 | (6) |
| Tax using the UK corporation tax rate of 25% (2024: 25%) | 4,843 | (57) | 4,261 | (7) |
| Charitable exemption | (4,196) | - | (3,869) | - |
| Non-deductible expenses | 196 | 188 | 133 | 128 |
| Pension contribution allowances | (85) | (76) | (51) | (50) |
| Capital allowances | (127) | (107) | (159) | (156) |
| Trading losses (used)/offset | (19) | (29) | 127 | 119 |
| Group relief | - | 81 | - | 57 |
| Gift aid / donation credit | (612) | - | (300) | (91) |
| Current tax for the period | - | - | 142 | - |

## 14 TANGIBLE FIXED ASSETS - GROUP

| | ----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 & Equipment | Plant and Vehicles | Total other assets | Total fixed assets |
| **Cost** | | | | | | £'000's | | | | | | |
| 1 April 2024 | 90,823 | 856,538 | 168,126 | 163,298 | 6,844 | 1,285,629 | 8,094 | 79 | 15,067 | 817 | 24,057 | 1,309,686 |
| Additions | 86,895 | - | - | - | - | 86,895 | 1 | - | 1,581 | 63 | 1,645 | 88,540 |
| Replacement components | 1,761 | 19,772 | 3,977 | 13 | 57 | 25,580 | - | - | - | - | - | 25,580 |
| Schemes completed in the year | (74,100) | 43,481 | 2,934 | 27,695 | (10) | - | - | - | - | - | - | - |
| Transfers | - | (25) | 25 | - | - | - | - | - | - | - | - | - |
| Disposals | - | (4,626) | (1,528) | (1,692) | (15) | (7,861) | (256) | - | (435) | - | (691) | (8,552) |
| 31 March 2025 | 105,379 | 915,140 | 173,534 | 189,314 | 6,876 | 1,390,243 | 7,839 | 79 | 16,213 | 880 | 25,011 | 1,415,254 |
| **Accumulated depreciation** | | | | | | | | | | | | |
| 1 April 2024 | - | 144,620 | 38,891 | 10,608 | 2,035 | 196,154 | 2,640 | 79 | 8,957 | 796 | 12,472 | 208,626 |
| Provision in the year | - | 15,193 | 3,721 | 1,272 | 90 | 20,276 | 317 | - | 1,567 | 31 | 1,915 | 22,191 |
| Eliminated on disposal | - | (3,841) | (1,012) | (169) | (15) | (5,037) | (104) | - | (408) | - | (512) | (5,549) |
| 31 March 2025 | - | 155,972 | 41,600 | 11,711 | 2,110 | 211,393 | 2,853 | 79 | 10,116 | 827 | 13,875 | 225,268 |
| **Impairment** | | | | | | | | | | | | |
| 1 April 2024 | - | 1,394 | - | 1,170 | 317 | 2,881 | - | - | - | - | - | 2,881 |
| 31 March 2025 | - | 1,394 | - | 1,170 | 317 | 2,881 | - | - | - | - | - | 2,881 |
| **Net book value** | | | | | | | | | | | | |
| 31 March 2025 | 105,379 | 757,774 | 131,934 | 176,433 | 4,449 | 1,175,969 | 4,986 | - | 6,097 | 53 | 11,136 | 1,187,105 |
| 31 March 2024 | 90,823 | 710,524 | 129,235 | 151,520 | 4,492 | 1,086,594 | 5,454 | - | 6,110 | 21 | 11,585 | 1,098,179 |

| | GROUP 2025 £'000 | GROUP 2024 £'000 |
|---|---|---|
| **14 TANGIBLE FIXED ASSETS - GROUP (CONTINUED)** | | |
| The net book value of housing properties comprises | | |
| Freehold | 1,163,089 | 1,073,728 |
| Long leasehold | 12,880 | 12,866 |
| | 1,175,969 | 1,086,594 |
| Additions to housing properties incudes: | | |
| Capitalised interest | 5,871 | 5,263 |
| (at the Group average borrowing rate) | 4.64% | 4.75% |
| Direct administration costs | 2,828 | 2,167 |

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

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

| **Investment Properties** | | |
|---|---|---|
| As at 1 April | 370 | - |
| Transferred from other fixed assets | - | 444 |
| Revaluation | - | (74) |
| As at 31 March | 370 | 370 |

The investment property is a long leasehold office owned by emh Care and Support Limited that the charity no longer uses for its own purposes and has sub-let to a third party on a long term lease. The last valuation of the property was carried out at December 2023 by Tim Richardson BSc MRICS, a director at FHP Property Consultants and a RICS Registered Valuer. The valuation was prepared on a Market Value and Market Rent basis in accordance with VPS4 of the most recent Red Book.

## 14 TANGIBLE FIXED ASSETS - GROUP (CONTINUED)

| | Fixtures, Fittings and Equipment £000 | Total £000 |
|---|---|---|
| **Other Fixed Assets - Parent** | | |
| **Cost** | | |
| 1 April 2024 | 4,048 | 4,048 |
| Additions | 342 | 342 |
| 31 March 2025 | 4,390 | 4,390 |
| | | |
| **Accumulated depreciation** | | |
| 1 April 2024 | 2,320 | 2,320 |
| Provision for the year | 726 | 726 |
| 31 March 2025 | 3,046 | 3,046 |
| | | |
| **Net book value** | | |
| 31 March 2025 | 1,344 | 1,344 |
| 31 March 2024 | 1,728 | 1,728 |

## 15 FIXED ASSET INVESTMENTS

| | GROUP 2025 £000 | PARENT 2025 £000 | GROUP 2024 £000 | PARENT 2024 £000 |
|---|---|---|---|---|
| At 1 April | 1,209 | 217 | 1,256 | 217 |
| Transfer in year | 2,943 | - | (47) | - |
| At 31 March | 4,152 | 217 | 1,209 | 217 |

The parent investment is in MOR Homes, a sector wide company established to secure funding for participating members.

The Group investments include £918k which 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.

The remaining Group investments are deposits held with banks which have been reclassified in the year from Current Asset Investments (Note 20) to Fixed Asset Investments.

**16 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS**

| | | | | |
|---|---|---|---|---|
| At 31 March 2025 and 1 April 2024 | - | 93 | - | 93 |

The following are subsidiary undertakings of the Parent, all of which are wholly controlled:

Directly held

**East Midlands Housing & Regeneration Limited**
Registered Provider under Co-operative and Community Benefit Society Act 2014 (charitable)

**emh Treasury plc**
A company limited by shares for the issuance of bonds to the capital market.

**emh Care & Support Limited**
Company Limited by Guarantee under the Charities Commission (charitable)

**Sharpes Garden Services Limited**
A company limited by shares providing gardening services to the group.

Indirectly held

**Midlands Rural Housing & Village Development Limited**
Non- registered provider under Co-operative and Community Benefit Society Act 2014 (non-charitable)

**emh Development Company Ltd**
A company limited by shares providing design and build services to the group.

The registered address for all subsidiaries is Memorial House, Stenson Road, Whitwick Business Park, Coalville, LE67 4JP.

| 17 PROPERTIES FOR SALE AND WORK IN PROGRESS | GROUP 2025 £000 | PARENT 2025 £000 | GROUP 2024 £000 | PARENT 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 | - |

**18 IMPAIRMENT OF HOUSING ASSETS**

Housing Assets

During the year emh Group 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 Group estimated the recoverable amount of its 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 Group also carried out a review of properties held as stock for sale and identified no properties where the market value was below the value of the stock.

## 19 TRADE AND OTHER DEBTORS

| | GROUP 2025 £000 | PARENT 2025 £000 | GROUP 2024 £000 | PARENT 2024 £000 |
|---|---|---|---|---|
| Current tenant arrears | 5,155 | - | 4,824 | - |
| Less provision for bad and doubtful debts | (2,363) | - | (2,347) | - |
| Former tenant arrears | 1,638 | - | 1,571 | - |
| Less provision for bad and doubtful debts | (1,638) | - | (1,571) | - |
| Trade debtors | 1,327 | 9 | 1,265 | 5 |
| Less provision for trade debtors | (327) | - | (67) | - |
| Prepayments and accrued income | 11,585 | 1,375 | 15,014 | 1,988 |
| Other debtors | 8 | - | 22 | 1 |
| Taxation and social security | 106 | (4) | 87 | - |
| Loan to MOR Homes (all due after 1 year) | 431 | 431 | 431 | 431 |
| Amounts owed by group undertakings | - | 1,539 | - | 2,798 |
| | 15,922 | 3,350 | 19,229 | 5,223 |
| Due within one year | 15,491 | 2,919 | 18,798 | 4,792 |
| Due after more than one year | 431 | 431 | 431 | 431 |
| | 15,922 | 3,350 | 19,229 | 5,223 |

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

## 20 CURRENT ASSETS INVESTMENTS

| | GROUP 2025 £000 | PARENT 2025 £000 | GROUP 2024 £000 | PARENT 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 15).

## 21 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | GROUP 2025 £000 | PARENT 2025 £000 | GROUP 2024 £000 | PARENT 2024 £000 |
|---|---|---|---|---|
| Loans and overdrafts (see note 23) | 5,732 | - | 1,120 | - |
| Trade creditors | 14,191 | 570 | 7,351 | 478 |
| Rent received in advance | 4,667 | - | 3,937 | - |
| Accruals and deferred income | 19,775 | 805 | 24,100 | 2,160 |
| Taxation and social security | 942 | 213 | 896 | 339 |
| Corporation tax | - | - | 142 | - |
| Other creditors | 62 | - | 51 | - |
| Leave pay | 353 | 109 | - | 105 |
| Amounts due to group undertakings | - | 2,350 | - | 3,993 |
| | 45,722 | 4,047 | 37,597 | 7,075 |

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

## 22 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR

| | GROUP 2025 £000 | PARENT 2025 £000 | GROUP 2024 £000 | PARENT 2024 £000 |
|---|---|---|---|---|
| Loans and overdrafts (see note 23) | 607,261 | - | 592,727 | - |
| Deferred government grants (see note 25) | 327,768 | - | 287,269 | - |
| HomeBuy grant payable | 4,908 | - | 5,046 | - |
| Recycled capital grant fund (see note 26) | 5,095 | - | 6,015 | - |
| | 945,032 | - | 891,057 | - |

## 23 LOANS

| | GROUP 2025 £000 | PARENT 2025 £000 | GROUP 2024 £000 | PARENT 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 | 297,339 | - | 297,359 | - |
| | 612,993 | - | 593,847 | - |

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

| | GROUP 2025 £000 | PARENT 2025 £000 | GROUP 2024 £000 | PARENT 2024 £000 |
|---|---|---|---|---|
| In one year or less | 5,732 | - | 1,120 | - |
| Between one and two years | - | - | 4,579 | - |
| Between two and five years | 69,148 | - | 49,600 | - |
| In more than five years | 538,113 | - | 538,548 | - |
| | 612,993 | - | 593,847 | - |

## 24 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 | 44,294 | (10,241) | - | 34,053 |
| Borrowings | | | | |
| Debt due within one year | (1,120) | 1,120 | (5,732) | (5,732) |
| Debt due after one year | (592,727) | (20,266) | 5,732 | (607,261) |
| | (593,847) | (19,146) | - | (612,993) |
| Total Net Debt | (552,117) | (29,387) | - | (578,940) |

## 25 DEFERRED GOVERNMENT GRANTS - GROUP

| | Social housing grant £'000 | Other government grant £'000 | Total £'000 |
|---|---|---|---|
| At 1 April 2024 | 271,214 | 16,055 | 287,269 |
| Received in the year | 42,294 | 1,768 | 44,062 |
| Released to income in the year | (2,526) | (196) | (2,722) |
| Disposed in the year | (819) | (22) | (841) |
| At 31 March 2025 | 310,163 | 17,605 | 327,768 |

## 26 RECYCLED CAPITAL GRANT FUND - GROUP

| | 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 |

## 27 PROVISIONS

| | Leave Pay £000 | Total £000 |
|---|---|---|
| **GROUP** | | |
| At 1 April 2024 | 369 | 369 |
| Reclassified as Accruals | (369) | (369) |
| 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.

**28 EMPLOYEE BENEFITS**

The Group 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 | 6,817 | - | - | - |
| Actuarial loss/(gain) in the period charged to the income & expenditure account | 330 | - | (81) | 11 |
| Actuarial (gain)/loss in the period charged to other comprehensive income | (779) | 1 | 218 | 212 |
| Contributions paid | (1,730) | - | (137) | (223) |
| Net liability at 31 March 2025 | 4,638 | 1 | - | - |

Summary of the movement on pension scheme liabilities for prior year ended 31 March 2024

| | The Pensions Trust - SHPS | The Pensions Trust - Growth Plan | Leicestershire County Council | Derbyshire County Council |
|---|---|---|---|---|
| | | £'000 | | |
| Net liability at 1 April 2023 | 6,386 | 3 | - | - |
| Actuarial loss/(gain) in the period charged to the income & expenditure account | 308 | - | (54) | 150 |
| Actuarial loss in the period charged to other comprehensive income | 1,633 | - | 181 | 224 |
| Contributions paid | (1,510) | (3) | (127) | (374) |
| Net liability at 31 March 2024 | 6,817 | - | - | - |

**28 EMPLOYEE BENEFITS** (CONTINUED)

**The Pensions Trust - Social Housing Pension Scheme**

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

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

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 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.

**28 EMPLOYEE BENEFITS** (CONTINUED)

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

| GROUP | 2025 £'000 | 2024 £'000 |
|---|---|---|
| **Present values of defined benefit obligation, fair value of assets and defined benefit asset/(liability)** | | |
| Fair value of plan assets | 28,596 | 28,813 |
| Present value of defined benefit obligation | (33,234) | (35,630) |
| Defined benefit (liability) to be recognised | (4,638) | (6,817) |
| **Reconciliation of opening and closing balances of the defined benefit obligation** | | |
| Defined benefit obligation at start of period | 35,630 | 35,589 |
| Expenses | 37 | 34 |
| Interest expense | 1,722 | 1,710 |
| Actuarial losses (gains) due to scheme experience | 1,566 | (135) |
| Actuarial losses (gains) due to changes in demographic assumptions | - | (364) |
| Actuarial losses (gains) due to changes in financial assumptions | (4,642) | (345) |
| Benefits paid and expenses | (1,079) | (859) |
| Defined benefit obligation at end of period | 33,234 | 35,630 |
| **Reconciliation of opening and closing balances of the fair value of plan assets** | | |
| Fair value of plan assets at start of period | 28,813 | 29,203 |
| Interest income | 1,429 | 1,436 |
| Experience on plan assets (excluding amounts included in interest income) - gain (loss) | (2,297) | (2,477) |
| Contributions by the employer | 1,730 | 1,510 |
| Benefits paid and expenses | (1,079) | (859) |
| Fair value of plan assets at end of period | 28,596 | 28,813 |

The actual return on the plan assets (including any changes in share of assets) over the period ended 31 March 2025 was (£868,000) (2024: (£1,041,000)).

**28 EMPLOYEE BENEFITS** (CONTINUED)

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

| | 2025 £'000 | 2024 £'000 |
|---|---|---|
| **Defined benefit costs recognised in statement of comprehensive income (SOCI)** | | |
| Expenses | 37 | 34 |
| Net interest expense | 293 | 274 |
| Defined benefit costs recognised in statement of comprehensive income (SoCI) | 330 | 308 |
| **Defined benefit costs recognised in other comprehensive income** | | |
| Experience on plan assets (excluding amounts included in net interest cost) - gain (loss) | (2,297) | (2,477) |
| Experience gains and losses arising on the plan liabilities - (loss)/gain | (1,566) | 135 |
| Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - (loss)/gain | - | 364 |
| Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - (loss)/gain | 4,642 | 345 |
| Total amount recognised in other comprehensive income - gain (loss) | 779 | (1,633) |
| **Assets** | | |
| Global Equity | 3,204 | 2,871 |
| Absolute Return | - | 1,125 |
| Distressed Opportunities | - | 1,016 |
| Credit Relative Value | - | 944 |
| Alternative Risk Premia | - | 914 |
| Liquid Alternatives | 5,303 | - |
| Emerging Markets Debt | - | 373 |
| Risk Sharing | - | 1,687 |
| Insurance-Linked Securities | 89 | 149 |
| Property | 1,432 | 1,156 |
| Infrastructure | 4 | 2,910 |
| Private Equity | 24 | 23 |
| Real Assets | 3,424 | - |
| Private Debt | - | 1,134 |
| Opportunistic Illiquid Credit | - | 1,126 |
| Private Credit | 3,500 | - |
| Credit | 1,093 | - |
| Investment Grade Credit | 881 | - |
| High Yield | - | 4 |
| Cash | 388 | 567 |

**28 EMPLOYEE BENEFITS** (CONTINUED)

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

| | 2025 | 2024 |
|---|---|---|
| | £'000 | £'000 |
| **Assets** (continued) | | |
| Long Lease Property | 8 | 187 |
| Secured Income | 477 | 861 |
| Liability Driven Investment | 8,662 | 11,727 |
| Currency Hedging | 45 | (11) |
| Net Current Assets | 62 | 50 |
| Total assets | 28,596 | 28,813 |

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

**Key Assumptions**

| | 2025 | 2024 |
|---|---|---|
| | % per annum | % per annum |
| Discount Rate | 5.84 | 4.90 |
| 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 |

**28 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 the Group if these pension changes are ruled not to have been valid is not expected to be material on the consolidated 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.

## 28 EMPLOYEE BENEFITS (CONTINUED)

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

**Reimbursement Asset**

The Social Housing Pension Scheme provided by Midlands Rural Housing Association (a subsidiary of emh Group) is for staff employed under a joint employment contract with the 4 rural associations for which it provides services. A legal agreement is in place between the 5 entities which sets out how the pension costs of those jointly employed staff will be met by each entity.

In line with this agreement the 4 rural associations therefore have a liability for their share of the deficit contribution payments arising under the plan. Under FRS102 Section 21 this creates a reimbursement asset between Midlands Rural Housing (and therefore emh Group) and the 4 rural associations. This is separately declared within the Statement of Financial Position on the following basis:

| | 2025<br>£'000 | 2024<br>£'000 |
|---|---|---|
| At 1st April | 560 | 164 |
| Payment received | (153) | (145) |
| Change in debtor | (70) | 541 |
| At 31st March | 337 | 560 |
| Split to Rural Housing Associations | | |
| Warwickshire Rural Housing Association | 125 | 208 |
| Northampton Rural Housing Association | 132 | 220 |
| Peak District Rural Housing Association | 61 | 101 |
| Leicestershire Rural Housing Association | 19 | 31 |
| Total pension debtor | 337 | 560 |
| Movement in the year included in Other Comprehensive Income - Remeasurement of Social Housing Pension Scheme | | |
| Creation of Opening Debtor | - | - |
| Change in Debtor | (70) | 541 |
| | (70) | (541) |

| | 2025 £'000 | 2024 £'000 |
|---|---|---|
| **28 EMPLOYEE BENEFITS** (CONTINUED) | | |

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

**PARENT**

| **Present values of defined benefit obligation, fair value of assets and defined benefit asset/(liability)** | | |
|---|---|---|
| Fair value of plan assets | 5,031 | 5,041 |
| Present value of defined benefit obligation | (5,847) | (6,257) |
| Defined benefit (liability) to be recognised | (816) | (1,216) |

| **Reconciliation of opening and closing balances of the defined benefit obligation** | | |
|---|---|---|
| Defined benefit obligation at start of period | 6,257 | 6,144 |
| Expenses | **8** | 7 |
| Interest expense | **303** | 295 |
| Actuarial losses (gains) due to scheme experience | 304 | 90 |
| Actuarial losses (gains) due to changes in demographic assumptions | - | (62) |
| Actuarial losses (gains) due to changes in financial assumptions | (853) | (61) |
| Benefits paid and expenses | (172) | (156) |
| Defined benefit obligation at end of period | 5,847 | 6,257 |

| **Reconciliation of opening and closing balances of the fair value of plan assets** | | |
|---|---|---|
| Fair value of plan assets at start of period | 5,041 | 5,041 |
| Interest income | 251 | 248 |
| Experience on plan assets (excluding amounts included in interest income) - gain (loss) | (392) | (357) |
| Contributions by the employer | 303 | 265 |
| Benefits paid and expenses | (172) | (156) |
| Fair value of plan assets at end of period | 5,031 | 5,041 |

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 (£141,000) (2024: (£109,000)).

| **Defined benefit costs recognised in statement of comprehensive income (SOCI)** | | |
|---|---|---|
| Expenses | 8 | 7 |
| Net interest expense | 52 | 47 |
| Defined benefit costs recognised in statement of comprehensive income (SoCI) | 60 | 54 |

| | 2025 £'000 | 2024 £'000 |
|---|---|---|
| **28 EMPLOYEE BENEFITS** (CONTINUED) | | |

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

| | 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) | (392) | (357) |
| Experience gains and losses arising on the plan liabilities - (loss)/gain | (304) | (90) |
| Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - (loss)/gain | - | 62 |
| Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - (loss)/gain | 853 | 61 |
| Total amount recognised in other comprehensive income - (loss)/gain | 157 | (324) |

| | 2025 £'000 | 2024 £'000 |
|---|---|---|
| **Assets** | | |
| Global Equity | 564 | 502 |
| Absolute Return | - | 197 |
| Distressed Opportunities | - | 178 |
| Credit Relative Value | - | 165 |
| Alternative Risk Premia | - | 160 |
| Liquid Alternatives | 933 | - |
| Emerging Markets Debt | - | 65 |
| Risk Sharing | - | 295 |
| Insurance-Linked Securities | 16 | 26 |
| Property | 252 | 202 |
| Infrastructure | 1 | 509 |
| Private Equity | 4 | 4 |
| Real Assets | 602 | - |
| Private Debt | - | 198 |
| Opportunistic Illiquid Credit | - | 197 |
| Private Credit | 616 | - |
| Credit | 192 | - |
| Investment Grade Credit | 155 | - |
| High Yield | - | 1 |
| Cash | 68 | 99 |
| Long Lease Property | 1 | 33 |
| Secured Income | 84 | 151 |
| Liability Driven Investment | 1,524 | 2,052 |
| Currency Hedging | 8 | (2) |
| Net Current Assets | 11 | 9 |
| Total assets | 5,031 | 5,041 |

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.

**28 EMPLOYEE BENEFITS** (CONTINUED)

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

**Key Assumptions**

| | 2025 % per annum | 2024 % per annum |
|---|---|---|
| Discount Rate | 5.87 | 4.91 |
| Inflation (RPI) | 3.08 | 3.12 |
| Inflation (CPI) | 2.80 | 2.79 |
| Salary Growth | 3.80 | 3.79 |
| 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 |

**28 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 East Midlands Housing Group Limited if these pension changes are ruled not to have been valid is up to £228,000. 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.

**28 EMPLOYEE BENEFITS** (CONTINUED)

**The Pensions Trust - The Growth Plan**

The group 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 March 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 asked the participating employers to pay additional contributions to the scheme as follows:

| *Deficit contributions* | |
|---|---|
| From 1 April 2022 to 31 January 2025: | £3.312m 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.

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.

**28 EMPLOYEE BENEFITS** (CONTINUED)

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

| GROUP | 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 | - | 3 |
| Deficit contribution paid | - | (3) |
| Remeasurement - amendments to the contribution schedule | 1 | - |
| Provision at the end of period | 1 | - |
| | | |
| Income and expenditure impact | | |
| Remeasurement - amendments to the contribution schedule | 1 | - |

| | 2025 | 2024 |
|---|---|---|
| Assumptions - Group | | |
| 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.

**28 EMPLOYEE BENEFITS** (CONTINUED)

**Local government pension schemes**

The Group 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 scheme 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.

| | Leicestershire County Council | | Derbyshire County Council | |
|---|---|---|---|---|
| | **2025** | **2024** | **2025** | **2024** |
| | **£'000** | **£'000** | **£'000** | **£'000** |
| **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 |

**28 EMPLOYEE BENEFITS** (CONTINUED)

**Local government pension schemes** (continued)

| | Leicestershire County Council | | Derbyshire County Council | |
|---|---|---|---|---|
| | **2025** | **2024** | **2025** | **2024** |
| | **£'000** | **£'000** | **£'000** | **£'000** |
| **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 |
| Benefits paid | (137) | (140) | (1,277) | (1,232) |
| Unfunded benefits paid | - | - | (4) | (4) |
| Contributions in respect of unfunded benefits paid | - | - | 4 | 4 |
| 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 income and expenditure 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 income and expenditure 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 |

**28 EMPLOYEE BENEFITS** (CONTINUED)

**Local government pension schemes** (continued)

| | Leicestershire County Council | | Derbyshire County Council | |
|---|---|---|---|---|
| | **2025** | **2024** | **2025** | **2024** |
| 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% |
| 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 £350,000 to the Derbyshire County Council scheme and £127,000 to the Leicestershire County Council scheme in the period to 31 March 2025.

**28 EMPLOYEE BENEFITS** (CONTINUED)

**Local government pension schemes** (continued)

| | Leicestershire County Council | | Derbyshire County Council | |
|---|---|---|---|---|
| | **2025** | **2024** | **2025** | **2024** |

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 |

## 29 CALLED UP SHARE CAPITAL

At 31 March 2025, the Group had 7 ordinary shares (2024: 7) in issue, with each share having a nominal value of £1. The shares have no rights to dividends nor to any share of the assets of the Group in the event of it ceasing to operate.

## 30 RESTRICTED RESERVES

| | GROUP 2025 £000 | PARENT 2025 £000 | GROUP 2024 £000 | PARENT 2024 £000 |
|---|---|---|---|---|
| Property fund - NHS | 322 | - | 329 | - |
| SEIF Capital Grant | 92 | - | 94 | - |
| | 414 | - | 423 | - |

| | Balance at 1 April 2024 £000 | Outgoing Resources £000 | Transfers £000 | Balance at 31 March 2025 £000 |
|---|---|---|---|---|
| Property fund - NHS | 329 | (7) | - | 322 |
| SEIF Capital Grant | 94 | (2) | - | 92 |
| | 423 | (9) | - | 414 |

The Property fund - NHS relates to 5 properties transferred from the NHS to the emh Care and Support in March 1999 and represents the net book value of these properties. The properties must be used for the provision of residential and nursing care support and accommodation to the local public. The charge each year is the depreciation charged on the properties.

The SEIF Capital fund relates to a single property owned by emh Care & Support and represents the net book value of improvement works carried out to the property in 2011 funded by the Social Enterprise Investment Fund administered by the then Department of Health. The property must be used for ongoing care. The charge each year is the depreciation charged on the improvement works.

## 31 OPERATING LEASES

| | GROUP 2025 £000 | PARENT 2025 £000 | GROUP 2024 £000 | PARENT 2024 £000 |
|---|---|---|---|---|
| Non-cancellable operating lease rentals are payable as follows: | | | | |
| Less than one year | 1,254 | 226 | 1,121 | 281 |
| Between one and five years | 2,593 | - | 3,118 | 281 |
| | 3,847 | 226 | 4,239 | 562 |

During the year the group recognised £1,107k (2024: £1,095k) and the parent recognised £314k (2024: £281k) as an expense in the income and expenditure account in respect of operating leases.

| | GROUP 2025 £000 | PARENT 2025 £000 | GROUP 2024 £000 | PARENT 2024 £000 |
|---|---|---|---|---|
| **32 CAPITAL COMMITMENTS** | | | | |
| 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 | - |

**33 RELATED PARTY TRANSACTIONS**

Within the boards of the Group, there were no board members or shareholders at 31 March 2025 who were tenants of the Association during the year. Tenant Board and committee members are charged and required to pay rent on standard terms.

During the year emh Group (parent) had the following intercompany recharge transactions with regulated and non-regulated entities within the emh Group.

| | PARENT 2025 £000 | PARENT 2024 £000 |
|---|---|---|
| Sales to: | | |
| emh Housing & Regeneration Limited | 15,378 | 13,142 |
| emh Care & Support Ltd | 1,163 | 1,282 |
| Sharpes Garden Services Ltd | 7 | 7 |
| emh Development Company Ltd | 582 | 771 |

Sales to subsidiaries are management costs and overheads charged using an activity based apportionment method. These charges are made at cost plus a margin.

| | PARENT 2025 £000 | PARENT 2024 £000 |
|---|---|---|
| Purchases from: | | |
| emh Housing & Regeneration Limited | 314 | 281 |
| Sharpes Garden Services Ltd | - | 1 |

Purchases from emh Housing and Regeneration are rental charges for an office building. These charges are made at an arm's length commercial rate. 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.

| | PARENT 2025 £000 | PARENT 2024 £000 |
|---|---|---|

**33 RELATED PARTY TRANSACTIONS** (CONTINUED)

At the end of the year emh Group (parent) had the following intercompany balances with regulated and non- regulated entities within the emh Group.

| | PARENT 2025 £000 | PARENT 2024 £000 |
|---|---|---|
| Debtors | | |
| emh Housing & Regeneration Limited | 4 | 1,447 |
| emh Care & Support Limited | 136 | 60 |
| Midlands Rural Housing | 171 | 136 |
| emh Sharpes | 158 | 91 |
| emh Development Company Ltd | 17 | 16 |
| emh Treasury plc | 1,053 | 1,048 |
| Creditors | | |
| emh Housing & Regeneration Limited | 2,300 | 3,927 |
| emh Care & Support Limited | 2 | 4 |
| Midlands Rural Housing | 48 | 62 |

| | 2024 Restated £'000 | 2024 Original £'000 |
|---|---|---|

## 34 PRIOR PERIOD ADJUSTMENT

**GROUP**

Schemes developed to be transferred to other housing associations

As part of the development programme the Group 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 | 1,086,594 | 1,089,605 |
| 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 | (110,311) | (110,592) |

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 14 Tangible Fixed Assets and note 17 Properties for sale and work in progress.

Client Account Funds

The Group 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 | 44,294 | 41730 |
| STATEMENT OF CASHFLOWS | | |
| Disposal/(acquisition) of short term investments | (1,819) | (2,065) |
| Cash and cash equivalents at start of period | 45,418 | 43,100 |

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 20 Current Asset Investments.

| | 2024 Restated £'000 | 2024 Original £'000 |
|---|---|---|
| **34 PRIOR PERIOD ADJUSTMENT** (CONTINUED) | | |

**PARENT**

Leave Pay

The association holds a leave pay provision representing 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. This has impacted the following lines in the financial statements.

| | 2024 Restated £'000 | 2024 Original £'000 |
|---|---|---|
| STATEMENT OF FINANCIAL POSITION | | |
| Creditors: amounts falling due within one year | (7,075) | (6,970) |
| Other provisions | - | (105) |

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 21 Creditors: amounts falling due within one year.