

emh Treasury PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2025

EMH TREASURY PLC

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

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EMH TREASURY PLC

COMPANY INFORMATION

FOR THE YEAR ENDED 31 MARCH 2025

Board of Directors

Chandrakant Kataria
Geoffrey Clarke
David Russell

Secretary:

Joanne Tilley

Auditor:

BDO LLP
Two Snowhill
Birmingham
B4 6GA

Banker:

Barclays Bank PLC

Registered Head Office:

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

EMH TREASURY PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2025

The Directors are pleased to present the strategic report of emh Treasury plc ("The Company") for the year ended 31 March 2025.

Principal Objective

The principal objective of the company is to ensure that funds are raised through the capital markets in accordance with the requirements of the parent company.

Principal Activities

The Company was set up in October 2013 with the principal activity to act as the capital markets issuance vehicle for East Midlands Housing Group Limited.

On 27 January 2014, the Company successfully completed its first own name bond issue. The £200 million 30-year Sterling bond with a maturity date of January 2044 with a coupon of 4.50% demonstrated the strong credit rating of East Midlands Housing Group Limited.

In June 2022 a further £150m of bonds were issued and immediately repurchased all of the bonds which were retained. In August 2022 £50m was sold for deferred settlement in August 2023 and then in March 2023 £50m was sold, they both pay a fixed coupon rate of 4.50%.

emh Treasury plc lends all of its proceeds from capital market transactions to emh Housing & Regeneration Limited, a fellow subsidiary of East Midlands Housing Group Limited, under a separate loan agreement. The underlying assets used to secure the issuance belong to emh Housing & Regeneration Limited and are secured through a Security Trust arrangement with Prudential Trustee Company Limited.

All of the Company costs relating to providing funding services are billed to emh Housing & Regeneration Limited.

Business Review

The proceeds of the bond were used by emh Housing & Regeneration Limited to refinance existing bank debt and fund their development programme.

The bond is secured by a mixed portfolio of social housing which was independently valued. The properties were valued either as Existing Use Value subject to Tenancies (EUV-SH) or Market Value subject to Tenancies (MV-T). The asset cover required was 105% using EUV-SH or 115% using MV-T. This is the only covenant on the borrowing.

East Midlands Housing Group achieved total surplus before tax of £14.8 million for the year ended 31 March 2025 (2024: £14.3m).

EMH TREASURY PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2025

Financial Review

Interest receivable for the year was £13.8m (2024: £13.3m).

The company made a profit before tax of £242k in the year (2024: £260k). Interest is charged to emh Housing & Regeneration Limited at a fixed rate of interest on the full amount of funds on-lent. emh Treasury therefore made a small profit due to the difference in interest received and interest paid and from the amortisation of the bond premium which is systematically released to income over the life of the bond.

Financial Instruments and Risks

→ **Financial risk management objectives and policies**

The Group operates a risk management programme that aims to limit the potentially adverse impact of changes in the wider economy as well as sector specific risks. The risk management programme includes the activities of the Company.

→ **Credit Risk**

The only credit risk to the Company is the on-lending to emh Housing & Regeneration Limited. The credit risk is mitigated through the housing assets used as security for the loan, this is supported by the contractual protection of the loan agreement as well as the overall credit worthiness of the Group.

In January 2025, Standard and Poor's retained the Group's stand-alone credit rating and the rating of the bond as A (Stable). The S&P rating acknowledges both the strength of our long-term strategy and the broader challenges currently facing the social housing sector.

→ **Liquidity Risk**

The Company lends the full amount of the proceeds of the bond; thus, the entity has assets to fully offset liabilities and interest receivable to offset interest payable.

→ **Cash flow Risk**

In order to ensure the stability of cash outflows the company has a policy of matching interest payable on its borrowing with interest receivable on loan debtors. At 31 March 2025, 100% of the Company's debt was on fixed rate terms. The Company does not use derivative financial instruments to manage interest rate costs.

Key Performance Indicators

As the Group funding vehicle there are no specific key performance indicators. The Company is expected to achieve at least a break-even position.

Health and Safety

The ultimate parent company, East Midlands Housing Group Limited, ensures the responsibilities of the Company under Health and Safety legislation are met.

Going Concern

The Directors have prepared cash flow forecasts covering a period of 30 years from the date of approval of these financial statements which indicate that, taking account of severe but plausible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period. In order to settle its own financial obligations and meet the compliance requirements of its external borrowings the Company is dependent on emh Housing & Regeneration Limited, generating sufficient cashflows to settle the payments of principal and interest on the onward loan of the funding which the Company raised. Those forecasts are dependent on emh Housing & Regeneration Limited having adequate resources to continue in business for the foreseeable future.

As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework to use five main types of sensitivity testing 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 give significant headroom for any 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 Company will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

EMH TREASURY PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2025

Long Term Viability

The directors have also considered the long-term viability of the company, its current position and principal risks.

The principal objective and activities of the company, as set out on page 3 of this report, are to ensure that funds are raised through the capital markets in accordance with the requirements of the parent company and then on lend all of the proceeds from capital market transactions to emh Housing & Regeneration Limited, a fellow subsidiary of East Midlands Housing Group Limited, under a separate loan agreement. The underlying assets used to secure the issuance belong to emh Housing & Regeneration Limited and are secured through a Security Trust arrangement with Prudential Trustee Company Limited.

The principal financial, credit, liquidity and cash flow risks to the company are set out on page 4 of this report along with the management policies undertaken to mitigate these risks.

Given these conditions the key consideration of the long-term viability of the company is the business plan forecasts of the Group and in particular emh Housing & Regeneration Limited. Detailed 30-year financial plans are prepared for both emh Housing and Regeneration Limited and the Group as a whole and considered by the group and subsidiary boards. These plans demonstrate the ability of the group to service the debt over the period of the forecasts and have been stress tested for various scenarios.

The directors therefore have reasonable expectation that the company will be able to continue in operation and meet its liabilities as they fall due over the long term.

Statement of Internal Controls Assurance

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 ensuring that a sound and comprehensive system of internal controls exists across the group and for reviewing its effectiveness. Control systems have been designed to proactively manage, rather than eliminate the risks of failure to achieve business objectives and provide reasonable, but not absolute assurance against misstatement or loss.

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.

By Order of the Directors


J.Tilley (Sep 13, 2025 11:58:10 GMT+1)

JOANNE TILLEY

Secretary

EMH TREASURY PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2025

The Directors present their report and audited financial statements of emh Treasury plc ("The Company") for the year ended 31 March 2025.

Registration Details

emh Treasury plc is a company limited by shares under the Companies Act 2006 (no 8727722). The company is a subsidiary of East Midlands Housing Group Limited ("The Group") and was incorporated on 10 October 2013.

Directors

The directors who held office during the year were as follows:

Chandrakant Kataria

Geoffrey Clarke

David Russell

Statement as to disclosure of information to auditor

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

Auditor

BDO LLP were appointed as the Company's auditor for the period.

Dividends

The directors do not recommend the payment of a dividend for the period (2024: £nil)

Political and Charitable contributions

The Company made no political or charitable donations or incurred any political expenditure during the period (2024: £nil)

Corporate Governance Statement

Page 6 of the Strategic Report describes the company's internal control and risk management systems in relation to financial reporting processes.

By Order of the Directors


J.Tilley (Sep 13, 2025 11:58:10 GMT+1)

JOANNE TILLEY

Secretary

EMH TREASURY PLC

AUDIT COMMITTEE STATEMENT

FOR THE YEAR ENDED 31 MARCH 2025

The audit committee works at a Group level and discharges its responsibilities across the group for all subsidiary companies through regular meetings and consideration of risks and mitigation.

The audit committee is responsible for assessing the effectiveness of the external audit process and the approach taken to the appointment or reappointment of the external auditor. BDO LLP have been appointed in 2024/25 to provide external audit services for 3 years with an option to extend for 2 further years. BDO LLP also provide permissible non-audit services to the Group in line with FRC rules on the provision of non-audit services and as a result the committee monitors the auditor's objectivity and independence in regard to the external audit.

Significant issues considered by the committee

The committee is responsible for considering significant issues in relation to the financial statements and in addressing these issues through their regular meetings and through discussions with the external auditors. The only significant issue for the company, considered by the committee is;

The Recoverability of Long-Term Debtors.

As detailed in the Strategic Report the principal objective and activities of the company are to ensure that funds are raised through the capital markets in accordance with the requirements of the parent company and then on lend all of the proceeds from capital market transactions to emh Housing & Regeneration Limited. This creates significant long-term inter-company debtors for the company.

In addressing the recoverability of this long-term debt, the committee considered the long-term viability of the Group and in particular emh Housing and Regeneration Limited. As also detailed in the Strategic Report (pages 3 to 6) financial plans demonstrate the ability of the Group to service the debt over the period of the forecasts and the committee therefore believes the debts are recoverable. The Audit Committee has reviewed the financial plan and have not identified any issues with the long-term recoverability of the debtors.


Roger Merchant (Sep 13, 2025 13:32:24 GMT+1)

ROGER MERCHANT

Chair – Group Audit Committee

EMH TREASURY PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are 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 have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the association will continue in business.
- prepare a directors' report, a strategic report and corporate governance statement which comply with the requirements of the Companies Act 2006.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Financial statements are published on the groups 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 company website is the responsibility of the directors. The directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

The directors confirm to the best of their knowledge:

- The financial statements have been prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit and loss of the company.
- The annual report includes a fair review of the development and performance of the business and the financial position of the company, together with a description of the principal risks and uncertainties that they face.


J.Tilley (Sep 13, 2025 11:58:10 GMT+1)

JOANNE TILLEY
Secretary

   

EMH TREASURY PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMH TREASURY PLC

FOR THE YEAR ENDED 31 MARCH 2025

Opinion on the financial statements

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 March 2025 and of its profit 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 prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of emh Treasury PLC for the year ended 31 March 2025, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity 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 audit committee.

Independence

Following the recommendation of the Audit Committee, we were appointed by the Group Board to audit the financial statements for the year ended 31 March 2025 and subsequent financial periods. The period of total uninterrupted engagement including retenders and reappointments is 1 year.

We remain independent of the Company 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 Company.

Conclusions relating to going concern

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

- obtaining the Directors' going concern assessment, which included assessment of the recoverability of funds on lent to group undertakings. As such, our work has focussed on the group business plans that underpin the Directors' assessment;
- 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
- reviewing the wording of the going concern disclosures and assessing its consistency with management's forecasts

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

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

Overview

Key audit matters		
		2025
	Recoverability of intercompany debt	✓
Materiality	<i>Financial statements as a whole</i> £4,500,000 based on 1.25% of total assets.	

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Company and its environment, including the system of internal control, and assessing the risks of material misstatement in the financial statements. We also addressed the risk of management override of internal controls, including assessing whether there was evidence of bias by the Directors that may have represented a risk of material misstatement.

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.

Key audit matter		How the scope of our audit addressed the key audit matter
Recoverability of intercompany debt As disclosed in note 8 of the Financial Statements the Company is owed £300,701,000 by group undertakings.	The Company is the Group's vehicle for raising funds on the capital markets, with £300m of bonds issued on the London Stock Exchange. As the company on-lends to group undertakings, the principal risk facing the entity is that the borrowing entities will be unable to make its interest or principal payments when they fall due and this impacts on the company's ability to service its debt. Recoverability of these balances is intrinsically linked to the future viability of the group and needs to be reviewed at each Statement of financial position date.	Our audit response involved the following procedures: • We assessed management's review of the recoverability of intercompany debt including their review of the group and long-term viability. • We have assessed the 30-year forecasts for the Group and subsidiary entities to ascertain whether there are any threats to the recoverability or potential impairment to the intercompany balances. • This incorporated consideration of the forecasts prepared by management and challenge of the key assumptions based on our knowledge of that business, including availability of financing facilities and covenant compliance calculations.

An overview of the scope of our audit (continued)

Key audit matter	How the scope of our audit addressed the key audit matter
The assessment of the recoverability of the intercompany debt involves a review of the long-term business plan and a number of subjective judgements. We have therefore exerted a significant audit effort in assessing the appropriateness of the assumptions involved in auditing this area, and as such we consider this to be a Key Audit Matter.	• Scenarios modelled by the Group include multi scenario stress testing to analyse the impacts of a number of scenarios on the Group's liquidity and covenant position including changes in rent and cost inflation, changes in interest rates, changes in development costs and reduction in capital receipts from sales of properties. • We challenged the assumptions used and mitigating actions included within the multi scenario stress testing and reviewed the calculations. • We performed a review of the historic accuracy of management forecasts. Key observations: We noted no material exceptions through performing these procedures.

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.

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

EMH TREASURY PLC**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMH TREASURY PLC**

FOR THE YEAR ENDED 31 MARCH 2025

Our application of materiality (continued)

	Company financial statements
	2025
Materiality	£4,500,000
Basis for determining materiality	1.25% of total assets
Rationale for the benchmark applied	We used total assets for our chosen benchmark to determine materiality as the treasury vehicle's key stakeholders are primarily interested in recoverability of the long-term debt balance. Total assets is therefore considered to be the appropriate benchmark for determining overall materiality.
Performance materiality	£3,150,000
Basis for determining performance materiality	70% of materiality
Rationale for determining performance materiality	We have determined that 70% of materiality is an appropriate basis for performance materiality based on our understanding of the audit and factors such as the low levels of misstatements previously identified, partially offset by some areas of the financial statements being subject to significant estimation uncertainty.

Reporting threshold

We agreed with the Audit Committee that we would report to them all individual audit differences in excess of £90,000. We also agreed to report differences below this threshold that, in our view, warranted reporting on qualitative grounds.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Directors' 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.

EMH TREASURY PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMH TREASURY PLC

FOR THE YEAR ENDED 31 MARCH 2025

Other Companies Act 2006 reporting

Based on the responsibilities described below and our work performed during the course of the audit, we are required by the Companies Act 2006 and ISAs (UK) to report on certain opinions and matters as described below.

Strategic report and Directors' report	In our opinion, based on the work undertaken in the course of the audit: • the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and • the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements. In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.
Matters on which we are required to report by exception	We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion: • adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or • the Company financial statements and the part of the Directors' remuneration report to be audited are not in agreement with the accounting records and returns; or • certain disclosures of Directors' remuneration specified by law are not made; or • we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of Directors' Responsibilities in respect of the annual report and the financial statements, the Directors are 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 Directors 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 Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company 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 Company and the industry in which it operates;
- discussion with management and those charged with governance; and
- obtaining an understanding of the Company's policies and procedures regarding compliance with laws and regulations

we considered the significant laws and regulations to be Companies Act 2006, Financial Reporting Standard 102 (United Kingdom Generally Accepted Accounting Practice), and UK tax legislation.

The Company 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 Bribery Act 2010 and data protection.

Our procedures in respect of the above included:

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

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

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 Company's policies and procedures relating to:
- detecting and responding to the risks of fraud; and
- internal controls established to mitigate risks related to fraud.
- review of minutes of meeting of those charged with governance for any known or suspected instances of fraud; and
- discussion amongst the engagement team as to how and where fraud might occur in the financial statements.

Based on our risk assessment, we considered the areas most susceptible to fraud to be management override including the posting of inappropriate journals to manipulate financial results and management bias in accounting estimates.

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; and
- a review of unadjusted audit differences for indications of bias or deliberate misstatement.

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

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

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

EMH TREASURY PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF EMH TREASURY PLC

FOR THE YEAR ENDED 31 MARCH 2025

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

DocuSigned by:

Samantha Lifford

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Samantha Lifford (Senior Statutory Auditor)

for and on behalf of BDO LLP, Statutory Auditor

Birmingham, UK

17 September 2025

BDO LLP is a limited liability partnership registered in England and Wales (with registered number OC305127).

EMH TREASURY PLC**STATEMENT OF COMPREHENSIVE INCOME**

FOR THE YEAR ENDED 31 MARCH 2025

	Note	2025 £'000	2024 £'000
Interest Receivable	14	13,835	13,265
Interest Payable	5	(13,575)	(12,989)
Gross Profit		260	276
Other Operating Expenses	4	(18)	(16)
Profit before tax	6	242	260
Taxation on profit	7	-	-
Total comprehensive income for the year		242	260

The results for the year are in respect of continuing activities.

The notes on pages 22 to 29 form part of these financial statements.

EMH TREASURY PLC**STATEMENT OF FINANCIAL POSITION**

AS AT 31 MARCH 2025

	Not e	2025 £'000	2024 £'000
Current Assets			
Debtors (of which £297,753k is due greater than 1 year)	8	300,701	300,723
Cash at bank and in hand		486	262
		301,187	300,985
Creditors: amounts falling due within 1 year	9	(3,401)	(3,559)
Net current assets		297,786	297,426
Creditors: amounts falling due after more than 1 year	10	(297,267)	(297,149)
Net assets		519	277
Capital and Reserves			
Called up share capital	12	12	12
Revenue reserves		507	265
Total equity		519	277

The notes on pages 22 to 29 form part of these financial statements.

These financial statements for company registration number 8727722 were approved at a meeting of the Directors held on 25 July 2025 and signed on its behalf by:


CHANDRAKANT KATARIA

Director



D.M. Russell (Sep 13, 2025 23:44:22 GMT+1)

DAVID RUSSELL

Director



J. Tilley (Sep 13, 2025 11:58:10 GMT+1)

JOANNE TILLEY

Secretary

EMH TREASURY PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2025

	Share capital £'000	Revenue reserves £'000	Total equity £'000
Balance at 1 April 2024	12	265	277
Total comprehensive income for the period			
Profit for the year	-	242	242
Balance at 31 March 2025	12	507	519
Balance at 1 April 2023	12	5	17
Total comprehensive income for the period			
Profit for the year	-	260	260
Balance at 31 March 2024	12	265	277

The notes on pages 22 to 29 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

1 LEGAL STATUS

emh Treasury PLC is registered under the Companies Act 2006. The company registration number is 8727722. Its principal place of business is Memorial House, Stenson Road, Whitwick Business Park, Coalville, LE67 4JP.

2 PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("FRS 102").

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

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

- Cash Flow Statement and related notes; and
- Related Parties note.

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

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

Measurement convention

The financial statements are prepared on historical cost basis.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Going concern

The Directors have prepared cash flow forecasts covering a period of 30 years from the date of approval of these financial statements which indicate that, taking account of severe but plausible downsides, the Company will have sufficient funds to meet its liabilities as they fall due for that period. In order to settle its own financial obligations and meet the compliance requirements of its external borrowings the Company is dependent on emh Housing & Regeneration Limited, generating sufficient cashflows to settle the payments of principal and interest on the onward loan of the funding which the Company raised. Those forecasts are dependent on emh Housing & Regeneration Limited having adequate resources to continue in business for the foreseeable future.

As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework to use five main types of sensitivity testing 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 Company 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.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Basic financial instruments

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.

Interest Payable and Receivable

Interest payable and receivable is accrued over the term of the related borrowing or loan so as to recognise the total income or cost evenly over the life of the loan or deposit.

Corporation Tax

Tax expenses comprises current tax. Current tax is recognised in profit, and is the expected tax payable or receivable on the taxable income or loss for the period, and any adjustment to tax payable in respect of previous periods.

EMH TREASURY PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

3 DIRECTORS EMOLUMENTS AND STAFF COSTS

None of the Directors received remuneration for their services as Director of emh Treasury plc. Those Directors who also serve on the East Midlands Housing Group Board are remunerated for their services by East Midlands Housing Group Limited.

emh Treasury plc has no direct employees. Those employees who perform duties for emh Treasury plc are remunerated by the parent company, East Midlands Housing Group Limited.

	2025 £'000	2024 £'000
4 OTHER OPERATING EXPENDITURE		
Fees due to external bodies	18	16

5 INTEREST PAYABLE

Bond interest	13,463	13,099
Amortisation of bond fees	(78)	(78)
Bond (discount)/premium amortisation	145	-
Annual financing costs	78	-
FRS102 adjustment	(33)	(32)
	13,575	12,989

6 PROFIT BEFORE TAXATION

Profit before taxation is stated after charging:

Auditor's remuneration:

Audit of these financial statements	13	10
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NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

	2025 £'000	2024 £'000
7 TAX ON PROFIT		
Total tax expense recognised in the profit and loss account, other comprehensive income and equity.		
<i>Current tax</i>		
Current tax on income for the period	-	-
Reconciliation of effective rate		
Profit before taxation	242	260
Total tax expense	-	-
Tax using the UK corporation tax rate of 25% (2024: 19%)	60	49
Group relief	(60)	(49)
Current tax for the period	-	-

8 DEBTORS

Amounts owed by Group undertakings	300,701	300,723
Due within one year	2,948	2,956
Due after more than one year	297,753	297,767
	300,701	300,723

The amount owed by group undertakings includes £302m of funds on-loaned to emh Housing and Regeneration Ltd. Interest is payable on the loan at a fixed rate of 4.5% for the life of the loan which matures in January 2044. The balance also includes the net premiums and discounts on the bond issues that are also on-loaned to emh Housing and Regeneration Ltd and accrued interest charges. These attract no interest charge.

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Bond premium/discount	72	208
Trade creditors	-	1
Accruals and deferred income	2,275	2,302
Amounts owed to Group undertakings	1,054	1,048
	3,401	3,559

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

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

	2025 £'000	2024 £'000
10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Bonds	300,000	300,000
Less deferred arrangement fees	(6,003)	(6,154)
Less issue price discount	(1,463)	(1,539)
Plus issue price premium	4,630	4,707
FRS102 Financial Instrument Adjustment	103	135
	297,267	297,149

Bonds

During the year no further retained bonds were issued. There are still £50m of retained bonds available to issue from the £350m bond to fund emh's development programme and for general corporate purposes.

The full £350m has a fixed interest rate of 4.5% and is repayable in full on 27 January 2044. The bonds are secured by a first fixed charge on properties owned by emh Housing and Regeneration Limited.

11 FINANCIAL INSTRUMENTS

emh Treasury has no financial instruments measured at fair value so fair value hierarchy disclosure requirements do not apply. All financial assets held by the Company (loans and receivables) qualify to be held at amortised cost, therefore the requirement to disclose the effect of changing the inputs in calculation of fair values is not considered applicable.

At 31 March 2025, the fair value of the Company's long term debt was £251,340k. (2024: £270,435k).

The fair value of financial liabilities is estimated as the present value of future cash flows, discounted at the market rate of interest at the statement of financial position date if the effect is material.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

11 FINANCIAL INSTRUMENTS (CONTINUED)

Financial risk management**Risk management objectives and policies**

The Treasury team is responsible for the management of funds and control of associated risks. Its activities are governed by the Group Board and the Group Treasury Committee which is responsible for all treasury issues in all group companies including emh Treasury plc.

Credit risk

The only credit risk to the company is the on-lending to emh Housing & Regeneration Limited. The credit risk is mitigated through the housing assets used as security for the loan, this is supported by the contractual protection of the loan agreement as well as the overall credit worthiness of the Group.

In January 2025, Standard and Poor's confirmed emh's rating is staying as A with a stable outlook. The S&P rating reflects the commitment of colleagues, across the business, having an awareness of costs and associated risks within key areas of the organisation.

Liquidity risk

Liquidity risk is the risk that the company will not be able to meet its financial obligations as they fall due.

The company lends the full amount of the proceeds of the bond, thus the entity has assets to fully offset liabilities and interest receivable to offset interest payable.

The contractual maturities of financial liabilities, including estimated interest payments and excluding the effect of netting agreements, are in 19 years.

The debt is repayable as follows:

	2025 £'000	2024 £'000
In five years or more	300,000	300,000

The total £300m of bonds is repayable as a lump sum in 2044. The interest charged is at a fixed rate of 4.5%. The loan is secured upon housing properties owned by emh Housing & Regeneration Limited.

Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Company's income or the value of its holding financial instruments.

Interest rate risk

The Company currently borrows on a fixed rate basis from the capital market and then on-lends these funds to emh Housing & Regeneration Limited on a similar fixed rate basis. As such the Company does not bear any interest rate risk. The Company does not have any hedging activities and it does not have any derivatives. The interest rate on all borrowings is fixed at 4.5% until 2044.

EMH TREASURY PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

	2025 £'000	2024 £'000
12 CALLED UP SHARE CAPITAL		
Allotted, issued and 25% paid		
50,000 ordinary shares of £1 each at 1 April 2024 and 31 March 2025	12	12

13 CONTINGENT LIABILITIES

There are no contingent liabilities at 31 March 2025 or 31 March 2024.

14 RELATED PARTIES

During the year emh Treasury had the following intercompany recharge transactions with regulated entities within the emh group.

<u>Interest charges to</u>		
emh Housing & Regeneration Ltd	13,835	13,265

These interest charges are made at cost.

At the end of the year emh Treasury had the following intercompany balances with regulated entities within the emh Group

<u>Debtors</u>		
emh Housing & Regeneration Ltd	300,701	300,723

<u>Creditors</u>		
East Midlands Housing Group Limited	1,054	1,048

15 ULTIMATE PARENT COMPANY

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

EMH Treasury Accounts 2024-25

Final Audit Report

2025-09-13

Created:	2025-09-12
By:	Sally Stokes (sally.stokes@emhgroup.org.uk)
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Transaction ID:	CBJCHBCAABAA3w39la4EE8KzjER3tFZZYwLhnbfxSVx2

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