emh Housing and Regeneration Limited

Report and Financial Statements

For the year ended 31 March 2026

emh Housing and Regeneration Limited is incorporated under the Co-operative and Community Benefit Societies Act 2014 (Registered Number IP032198) and registered by Homes England (Registered Number L4775).

emh Housing and Regeneration Limited
Report and Financial Statements

For the year ended 31 March 2026

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emh Housing and Regeneration Limited
Association Information
For the year ended 31 March 2026

Board Members

Paul Casey – Chair
Chandrakant Kataria (retired 31 October 2025)
Gail Puttock
Shabir Ismail
Masaud Subedar (stood down 25 April 2025 – passed away)
Paul Parkinson
Clare Chrisp (appointed 1 July 2025)
Andrew Murtha (appointed 1 January 2026)

Principal Banker

Barclays Bank Plc
Leicester
Leicestershire
LE87 2BB

Auditor

BDO LLP
Two Snow Hill
Birmingham
B4 6GA

Secretary and Registered Head Office

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

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

emh Housing and Regeneration Limited
Report of the Board
For the year ended 31 March 2026

The Board of emh Housing and Regeneration Limited (the Association) are pleased to present its financial statements for the year ended 31 March 2026.

Background
The Association has been providing affordable housing since 1946 and is now one of the leading providers of affordable housing in the East Midlands. emh homes was the result of an amalgamation of four registered providers and now manages over 21,000 properties across 49 local authorities in the East Midlands.

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

The Association is a subsidiary of East Midlands Housing Group (emh group). The consolidated accounts for emh group are available on its website **www.emh.co.uk**.

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

Integrity We work to the highest ethical standards.

Diversity We respect others for who they are.

Openness We are honest and straight forward.

Accountability We are accountable to and influenced by our customers.

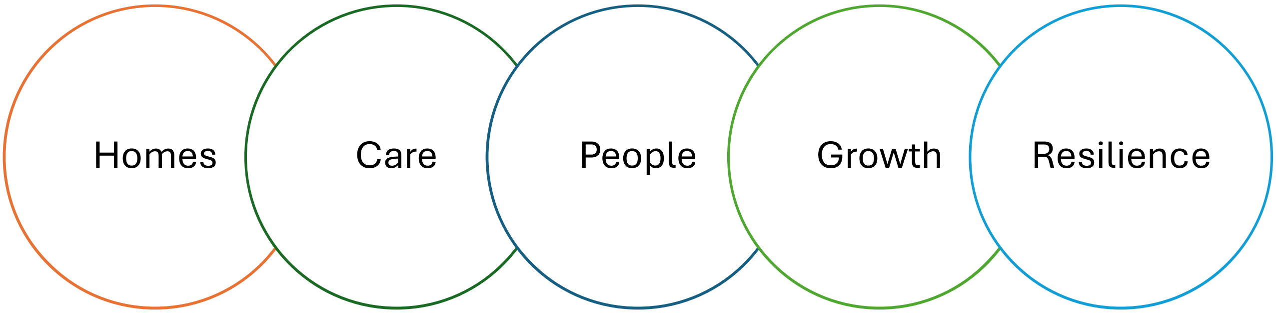
Clarity We are clear about what we are here to do and why.

Excellence We strive to be the best in everything we do.

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

Future Plans

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



As we come to the end of our 3 year business plan which was designed to give greater certainty and control over our business moving forward we look towards our future with a changed leadership team. The impact of inflation and economic insecurity, wars, climate change, demographics and artificial intelligence make it much harder to predict events and market conditions than before. The UK is also going through profound political upheavals at local, regional and national levels.

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

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

1. Homes

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

- We have updated our customer service strategy with a focus on right first time. We will actively seek to improve satisfaction, address complaints effectively and produce less waste;
- We are streamlining our services to maximise value for money and efficiency from our in house maintenance team;

- We will review our service delivery model to reflect the priorities in the Better Social Housing Review, allowing colleagues to be a stronger and more visible presence in our local areas and communities;
- Having developed a 'Lets Influence Strategy' we will bring colleagues and customers together to improve homes, care and services;
- We will embed the 3R's brand voice, Resolute, Respectful and Reliable, into our communication with customers to achieve a consistent style and standard;
- We are committed to meeting the updated Decent Homes Standard and ensuring that every property has an Energy Performance Certificate rating of at least C by 2030;
- We are active members of Homes for Cathy and will continue to deliver our Homelessness Strategy.

2. Care

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

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

3. People

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

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

4. Growth

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

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

5. Business Resilience

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

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

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

Board Membership, remuneration and attendance

Name	Remuneration	Board Meeting Attendance
Paul Casey **Chair**	Parent Nominee Paid by emh Group	5/5
Clare Chrisp******	£4,194.27	4/4
Shabir Ismail	Parent Nominee Paid by emh Group	5/5
Chandrakant Kataria*	Paid as an executive	3/3
Paul Parkinson	£5,592.00	4/5
Gail Puttock	Parent Nominee Paid by emh Group	5/5
Andrew Murtha**	Parent Nominee Paid by emh Group	3/3
Masaud Subedar***	£466.00	0/0

* Chan Kataria retired 31 Oct 2025

** Andrew Murtha joined the Board as a Co-Opted Member 1 Jul 2025; appointed as full Board Member 1 Jan 2026

***Masaud Subedar stood down 25 Apr 2025 – passed away

****Clare Chrisp appointed 1 July 2025

Leadership and Governance

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

On an annual basis we carry out a review of the effectiveness of our board, and this is independently reviewed every three years and is next due in 2027. The Association has adopted the National Housing Federation 2020 Code of Governance and is fully compliant with the Code with the exception that the Chair of emh Group served a period of 9 ½ years, in order to ensure continuity following the retirement of the Chief Executive. A new Group Chair was appointed in April 2026. Emh Group has continued to maintain its G1 grading for Governance from the Regulator of Social Housing and can confirm it is compliant with the Governance and Financial Viability Standard of the Regulator of Social Housing.

During the regulatory review in late 2024 we were awarded a C2, and since then we have made good progress with a C2 to C1 improvement plan, which was agreed with our Customers, Board and Regulator. Throughout 2025/26 our customers played a key role in shaping and influencing service delivery, policy making and strategy. The Resident Influence Committee is a well-established sub-committee of emh Group Board, with the resident Chair of the Committee being a full member of emh Homes Board. This provides further assurance that the Board is hearing the voice of the customer. In addition, the Resident Scrutiny Panel regularly presents its findings directly to emh Homes Board.

Operating Environment and Risk

The needs of our customers continue to evolve, with many requiring increased support from us as both a housing and care provider. Rising living costs, particularly for heating, fuel and food, are placing significant financial pressure on our tenants and residents. At the same time, an ageing population and a fragile care system present ongoing challenges for both sectors. We are committed to challenging stigma associated with social housing and care, and to reshaping perceptions so that customers, colleagues and stakeholders can take pride in the sector. While there is more to do, emh homes is proud to provide services to over 21,000 properties, supported by approximately 426 colleagues and annual turnover of £137.5m.

Our 2023-2026 Business Plan set a clear ambition to focus on doing the basics brilliantly. During the year this focus supported meaningful progress, including improved resident satisfaction, stronger operational grip, continued investment in existing homes, the delivery of new affordable homes and a more focused approach to equality, diversity and inclusion.

A renewed focus on the customer has been central to this progress. We introduced the What Matters Framework, co-designed with residents, which commits us to four clear principles: we listen, we act, we acknowledge and we respond. This framework is helping to ensure that services are shaped by resident priorities and that customer voice is visible in decision making.

Operational improvement has been visible in a number of areas, including stronger call centre performance, better complaint handling, rising repairs satisfaction, positive care inspection outcomes, high satisfaction with new-build homes and consistently strong results for Midlands Rural residents. Tenant Satisfaction Measures show an improving trend, while also highlighting the need to respond more quickly and simplify the way customers access services.

We continued to work closely with engaged customer groups, using their insight and challenge to shape service improvements. This included progress on digital access and automation, customer wellbeing support, accessibility and translation, safeguarding, support for neurodiverse customers, new WhatsApp and Facebook channels, video triage and customer call-back arrangements. These changes support better access, clearer communication and more responsive services.

The external environment remains complex. Government policy on rent setting, capital investment, consumer regulation, building safety and affordable housing supply continues to shape our operating context. A longer-term rent settlement, the new Affordable Homes Programme and Warm Homes initiatives create opportunities for more confident planning, but must be balanced with affordability for customers, delivery capacity and the need to maintain financial sustainability.

The shortage of affordable homes remains acute across the communities we serve. We have continued to build and acquire new homes, supported by our Strategic Partnership with Homes England, while taking a disciplined approach to development. We prioritise schemes that meet housing need, deliver value for money and can be funded without compromising investment in existing homes and services.

Building safety, compliance and asset quality remain core priorities. The enhanced legislative and regulatory framework have increased requirements around inspection, assurance, remediation and reporting, particularly in relation to fire, gas, electrical, asbestos, lift and water safety. We continue to invest in the safety, warmth and quality of our homes, supported by robust monitoring, governance and long-term investment planning.

The macroeconomic environment continues to affect our plans. Higher interest rates, elevated cost bases, development cost volatility, supply chain pressures and customer affordability challenges all increase pressure on resources. Although inflation has moderated from recent peaks, costs remain above historical levels and continue to affect repairs, maintenance, investment works, development and the households we serve.

Maintaining financial resilience, liquidity and disciplined cost control is therefore essential. Our stress testing confirms that, while short-term performance may fluctuate, our long-term financial viability remains strong. We continue to maintain sufficient committed funding and headroom against covenant requirements, with key risks actively monitored through our risk management framework and embedded within financial planning.

Our Environmental, Social and Governance strategy reflects our role as a place-based organisation and a member of PlaceShapers. Activity during the year continued to focus on inclusion, sustainability, community impact and responsible investment, including the increasing investment required to meet decarbonisation, building safety and regulatory requirements over the life of the long-term financial plan. Our colleagues remain central to delivery. We retained Investors in People Gold accreditation, demonstrating our commitment to colleague development, leadership capability and cultural transformation. We continue to invest in skills, flexible working, coaching and talent development to support performance and resilience across the organisation.

Delivering value for money remains central to our approach, with an ongoing focus on efficiency, cost control and maximising the impact of our resources. Strong performance from our Income team enabled us to broadly achieve our year-end arrears target, and robust property sales supported financial performance during the year.

We retained a V2/G1 rating from the Regulator of Social Housing, reflecting strong governance and financial resilience, alongside a compliant C2 consumer standard rating with an agreed improvement plan to achieve C1. We also maintained our single A, Stable Outlook, credit rating from Standard & Poor's, recognising the strength of our long-term strategy and the wider pressures facing the sector. During the year, a self-referral was made to the Regulator in relation to the ageing classification of rental accounts inherited from an organisation that joined the Group in previous years. Upon identification of the issue, prompt corrective action was taken, supported by comprehensive communication with all affected parties. Following its review, the Regulator was satisfied that the Group had responded appropriately, with effective remedial measures implemented to prevent recurrence. Consequently, no regulatory action was taken.

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

Achievements in the Year

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

- National Poverty & Vulnerable Customer Support at Energy Efficiency Awards – 2nd place
- National Housing Association of the year at Energy Efficiency Awards – 3rd place
- Gold award for Customer Satisfaction for new homes
- Winners of David Tovey Award for GEM Graduates Independent Futures Project
- Shortlisted for Community Impact Project of the year at People in Housing Awards

Financial Performance

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

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

Year ended	31 March 2026 £millions/%	31 March 2025 £millions/%
INCOME AND EXPENDITURE		
Operating surplus	37.9	33.7
Operating margin (exc surplus on sales)	23.2%	22.7%
Operating margin – social housing lettings	25.0%	24.3%
STATEMENT OF FINANCIAL POSITION		
Total tangible fixed assets	1,253	1,159
Net assets	231	214
Properties in management at year end	21,317	20,976

Our operating surplus for the year was £37.9m, a £4.2m increase on 2025. This was largely due to our social housing lettings activities where the operating profit was £30.6m (2025: £28.1m) and an increased programme of property sales generating £5.9m (2025: £3.8m). Despite continued pressures on costs and resources, particularly within maintenance and estate management, we remain committed to investing in improving our homes and enhancing our communities.

Total tangible fixed assets increased by £93.6m in the year predominantly due to our investment in new properties and capital maintenance of our existing properties including replacement kitchens, roofs, windows & doors and energy efficiency programmes.

Net current assets decreased by £7.2m in year, with cash balances reduced to £12.7m at year end.

Borrowing increased from £613.6m to £666.9m. Revolving credit facilities drawn were £74m with a total of £174m available and secured with an additional £12m facility in the pipeline. Contractual loan repayments totalling £5.9m were repaid. New facilities include £50m revolving credit facility with HSBC.

Our pension deficit liabilities decreased during the year from £2.9m to £2m, this is all relates to the SHPS scheme and was driven by favourable changes to the financial assumptions following the latest triennial revaluation. Our two LGPS schemes are both in surplus with a combined value of £18.9m. As it is not expected that these assets are recoverable then they are not recognised on the statement of financial position and are capped at £nil value.

Business Plan Objectives

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

- ✓ We achieved 75% tenant satisfaction;
- ✓ 99.2% of our homes are decent homes compliant;
- ✓ We have developed 425 new homes in year;
- ✓ We achieved 136 1st tranche sales in year;
- ✓ We have sufficient liquidity for over 2 years.

Value for Money

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

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

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

During the year we completed 425 new units, which is broadly inline with our growth target as a Strategic Partner. The impacts of ongoing delays in planning, the challenges being faced by the construction industry and wider interest in land sales has caused a minor delay across our programme however our ongoing pipeline remains strong. At the year-end we had 767 new homes on site which will be delivered in future years and allow us to remain on track with our strategic partnerships and delivery aspirations. Now in the eighth year of our Strategic Partnership with Homes England this is nearing completion. The second phase of the partnership, saw emh being awarded grant of £112m to complete 1,450 new properties over 5 years with £23.9m having been drawdown in year.

Value for Money remains a core focus in delivering the Association's strategic objectives, particularly within an operating environment that places increasing pressure on reducing costs and delivering services efficiently. The delivery of the efficiency savings plan is therefore a key priority, and we continue to review and challenge our processes and ways of working to maintain high quality services while using fewer resources. We are also progressing initiatives arising from an external review, alongside ongoing internal action plans, to ensure Value for Money is embedded across all our activities

Going Concern

The Group prepares a 30-year business plan which is updated and approved on an annual basis. The most recent business plan was approved in June 2026 by the Board. As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure. The corporate risk map forms the basis of the annual stress-tests undertaken with any mitigating actions identified in the Recovery plan.

The Board, after reviewing the group and company budgets for 2026-27 and the group's medium-term financial position as detailed in the 30-year business plan including changes arising from possible risks, is of the opinion that, taking account of severe but plausible downsides, the group and company have adequate resources to continue in business for the foreseeable future. In order to reach this conclusion, the Board have considered:

- The property market – budget and business plan scenarios have taken account of delays in handovers, lower numbers of property sales, reductions in sales values and potential conversion of market sale to social homes;
- The potential increase in the cost of new developments due to delays and shortages of materials;
- Maintenance costs – budget and business plan scenarios have been modelled to take account of cost increases and delays in maintenance expenditure, with major works being phased into future years. Additional costs have also been included to improve energy efficiency, reduce carbon emissions and improve fire safety;
- Rent and service charge receivable – arrears and bad debts have been increased to allow for customer difficulties in making payments and budget and business plan scenarios to take account of potential future reductions in rents;
- Liquidity – facilities available to draw and fully secured are £174m (2025: £190m). The total same day cash available was £19m at year end. This provides funding until June 2028 when the Lloyds £135m revolving credit facility expires. The £50m retained bond expired during the year.

- 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 Association has sufficient funding in place and expect the group to be in compliance with its debt covenants even in severe but plausible downside scenarios. Consequently, the Board are confident that the Group and Association will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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 each year with Cyber Security, Data Governance, Treasury Management, Asset Management, Service Charges, Anti-Social Behaviour and Safeguarding being some of the key audits in year. These areas will be revisited in future programmes to ensure ongoing 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.

Statement of Board's Responsibilities in Respect of the Board's Report and the Financial Statements
The Association's Board are responsible for preparing the Board's Report and the financial statements in accordance with applicable law and regulations.

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

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

In preparing these financial statements, the Board is required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice: Accounting by Registered Social Housing Providers Update 2018 have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business; and
- use the going concern basis of accounting unless it either intends to liquidate the Association or to cease operations or has no realistic alternative but to do so.

The Board Members are responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. They are also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The board is responsible for ensuring that the report of the board is prepared in accordance with the Statement of Recommended Practice: Accounting by registered social housing providers 2018.

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

Statement of Compliance

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

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

On 25 May 2019, the EU General Data Protection Regulations (GDPR) and following this the Data Protection Act 2018 came into effect to strengthen and standardise data protection laws in the UK. We have a dedicated Data Protection Officer who has supported the organisation to ensure that the new requirements are embedded across all of our business areas, from a legislative, policy and operational perspective. As of 31 March 2026, the Association was compliant with GDPR and the Data Protection Act 2018.

emh group's governance arrangements have been mapped against the RSH Governance and Financial Viability Standard, and the NHF 2020 Code of Governance for the year ended 31 March 2026. Full compliance with the NHF Code of Governance has been confirmed. Full compliance with the RSH Governance and Financial Viability Standard has been confirmed.

Disclosure of information to auditor

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

Paul Casey (Aug 7, 2026 09:50:40 GMT+1)

Paul Casey
Chair – emh Homes
7 August 2026

Report on the audit of the financial statements

Opinion
In our opinion

- the financial statements give a true and fair view of the state of the Association's affairs as at 31 March 2026 and of the Association's surplus and the Association's cash flows 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 Co-operative and Community Benefit Societies Act 2014.

We have audited the financial statements of emh Housing and Regeneration Limited ("the Association") for the year ended 31 March 2026 which comprise of the following:

- Association Statement of Comprehensive Income
- Association Statement of Financial Position
- Association Statement of Changes in Reserves
- Association Statement of Cashflows
- Notes 1 to 33 to the Financial Statements including a summary of significant accounting policies.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

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

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

Conclusions relating to going concern

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

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

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

Other information

The Board are responsible for the other information. The other information comprises the information included in the Report 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 or Community Benefit Societies Act 2014 to report to you if, in our opinion:

- the Association has not kept proper books of account;
- the Asscoaition 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 Board's Responsibilities in Respect of the Board's Report and the Financial Statements, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board Members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Non-compliance with laws and regulations

Based on:

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

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

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

Our procedures in respect of the above included:

- Enquires of management whether there were any litigations and claims;
- 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 Association's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- 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 including the posting of inappropriate journals to manipulate financial results and management bias in accounting estimates and fraud in revenue recognition in relation to year end existence cut off on property sales revenue.

Our procedures in respect of the above included:

- Testing all journal entries that met defined risk criteria, as well as a random sample from the non-risky population, by agreeing to supporting documentation;
- A review of estimates and judgements applied by Management in the financial statements to assess their appropriateness and the existence of any systematic bias;
- Testing a sample of property sales one month either side of year end to ensure that they are recognised in the correct period; and
- A review of unadjusted 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 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 for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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:
BDO LLP
FC86A145C4F04E5...

BDO LLP
Statutory Auditor
Birmingham, UK
Date: 07 August 2026

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

emh Housing and Regeneration Limited
Statement of Comprehensive Income
For the year ended 31 March 2026

	Note	2026 £'000	2025 £'000
Turnover	3	137,453	131,381
Cost of sales	3	(12,945)	(12,846)
Operating costs	3	(92,560)	(88,715)
Surplus on disposal of tangible fixed assets	8	5,936	3,833
Operating surplus	3	37,884	33,653
Interest receivable and similar income	9	681	1,230
Interest payable and similar charges	10	(23,561)	(22,647)
Financing income and costs	11	(136)	(10)
Gift aid and donations received		2,437	2,285
Surplus before tax		17,305	14,511
Tax on surplus	12	(8)	-
Surplus for the year	5	17,297	14,511
Other comprehensive income			
Remeasurement of Local Government Pension Scheme	27	(274)	(77)
Remeasurement of Social Housing Pension Scheme	27	199	500
Total comprehensive income for the year		17,222	14,934

Turnover is derived from continuing activities.

The notes on pages 25 to 60 form part of these financial statements.

emh Housing and Regeneration Limited
Statement of Financial Position
As at 31 March 2026

	Note	2026 £'000	2025 £'000
Fixed assets			
Housing properties	13	1,234,718	1,140,976
Other tangible fixed assets	15	9,312	9,408
Investments	16	4,001	3,935
HomeBuy loan receivable		4,769	4,907
Total fixed assets		1,252,800	1,159,226
Current assets			
Properties for sale and work in progress	17	16,437	19,219
Trade and other debtors	18	15,469	16,516
Short term investments	19	1	-
Cash and cash equivalents		12,696	19,568
Total current assets		44,603	55,303
Creditors: amounts falling due within one year	21	(42,483)	(45,989)
Net current assets		2,120	9,314
Creditors: amounts falling due after one year	22	(1,022,051)	(951,907)
Provision for liabilities			
Pension liability	27	(1,955)	(2,941)
Net assets		230,914	213,692
Capital and reserves			
Called up share capital	28	-	-
Revenue reserves		230,914	213,692
Total funds		230,914	213,692

The notes on pages 25 to 60 form part of these financial statements.

These financial statements were approved by the board of directors on 24 July 2026 and were signed on its behalf by:

Paul Casey (Aug 7, 2026 09:50:40 GMT+1)

Paul Casey Chair

Gail Puttock

Gail Puttock (Aug 7, 2026 12:27:13 GMT+1)

Gail Puttock Board Member

DLambert

Deborah Lambert Secretary

emh Housing and Regeneration Limited
Statement of Changes in Reserves
For the year ended 31 March 2026

	Called up share capital £'000	Revenue reserve £'000	Total reserves £'000
Balance at 1 April 2025	-	213,692	213,692
Total comprehensive income for the period			
Surplus for the year	-	17,297	17,297
Remeasurement of Pension Schemes	-	(75)	(75)
Balance at 31 March 2026	-	230,914	230,914
Balance at 1 April 2024	-	198,758	198,758
Total comprehensive income for the period			
Surplus for the year	-	14,511	14,511
Remeasurement of Pension Schemes	-	423	423
Balance at 31 March 2025	-	213,692	213,692

The notes on pages 25 to 60 form part of these financial statements.

emh Housing and Regeneration Limited
Cashflow Statement

For the year ended 31 March 2026

	Note	2026 £'000	2025 £'000
Cashflows from operating activities			
Surplus for the year		17,305	14,511
Adjustments for non-cash items:			
Deferred government grants amortisation	25	(2,823)	(2,716)
Depreciation of tangible fixed assets	13	21,447	20,049
Pensions costs less contributions payable	27	(1,208)	(996)
Surplus on sale of fixed assets		(5,936)	(3,833)
Interest receivable		(681)	(1,230)
Interest payable		23,562	22,658
Gift aid		(2,437)	(2,285)
Decrease/(increase) in stock		2,782	(16)
Decrease in trade & other debtors		1,039	3,867
(Decrease)/increase in trade and other creditors		(3,162)	3,982
(Decrease) in provisions and employee benefits		-	(210)
Net cash from operating activities		**49,888**	**53,781**
Cashflows from investing activities			
Acquisition of tangible fixed assets		(109,227)	(104,727)
Capitalised development expenditure		(3,523)	(3,425)
Proceeds from sale of fixed assets		9,793	6,194
(Acquisition) of investment securities		(65)	(2,943)
(Acquisition)/disposal of short term investments		(2)	2,991
Proceeds from receipt of government grants		19,485	42,123
Interest received		689	1,222
Gift aid received		2,437	2,285
Corporation tax paid		(8)	-
Net cash from investing activities		**(80,421)**	**(56,280)**
Cashflow from financing activities			
Interest paid		(29,681)	(28,738)
Loan amortisation charges		435	493
Proceeds from new loans		58,779	20,023
Repayment of borrowings		(5,872)	(1,289)
Net cash from financing activities		**23,661**	**(9,511)**
Net change in cash and cash equivalents		(6,872)	(12,010)
Cash and cash equivalents at start of period		19,568	31,578
Cash and cash equivalents at end of period		**12,696**	**19,568**

The notes on pages 25 to 60 form part of these financial statements.

1 LEGAL STATUS

emh Homes is the trading name of emh Housing and Regeneration Limited, incorporated under the Co-operative and Community Benefit Society Act 2014. The Company registration number is IP032198 and it is a Public Benefit Entity. It is registered with The Regulator of Social Housing (registration number 4775). Its principal place of business is Memorial House, Stenson Road, Whitwick Business Park, Coalville, LE67 4JP.

2 PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

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

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

The financial statements are prepared on an historical cost basis.

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

Reconciliation of the number of shares outstanding from the beginning to the end of the period;

- Key Management Personnel compensation; and
- Strategic Report.

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

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

Going Concern

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

The Association prepares a 30 year business plan which is updated and approved on an annual basis. The most recent business plan was approved in June 2026 by the Directors/Board/Trustees.

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 Association budgets for 2026/27 and the Group's medium term financial position as detailed in the business plan, is of the opinion that, taking account of severe but plausible downsides, the Group and Association have adequate resources to continue in business for the foreseeable future. In order to reach this conclusion, the Board have considered:

- The property market – budget and business plan scenarios have taken account of delays in handovers, lower numbers of property sales, reductions in sales values and potential conversion of market sale to social homes;
- Maintenance costs – budget and business plan scenarios have been modelled to take account of cost increases and delays in maintenance expenditure, with major works being phased into future years;
- Rent and service charge receivable – arrears and bad debts have been increased to allow for customer difficulties in making payments and budget and business plan scenarios to take account of potential future reductions in rents;
- Liquidity – facilities available to draw and fully secured are £174m (2025: £190m). The total same day cash available was £19m at year end. This provides funding until June 2028 when the Lloyds £135m revolving credit facility expires. The £50m retained bond expired during the year; and
- The Association's ability to withstand other adverse scenarios such as higher interest rates and number of void properties.

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

Consequently, the Board are confident that the Group and Association will have sufficient funds to continue to meet its liabilities as they fall due for at least 12 months from the date of approval of the financial statements and therefore have prepared the financial statements on a going concern basis.

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.

Cost of sales

Cost of sales represents the directly attributable costs of products or services sold, namely First Tranche Shared Ownership Sales. Where costs cannot be directly attributed then they are apportioned on an appropriate basis.

Operating Costs

Operating costs represent the costs and overheads associated with delivering the services rendered and in the general running of the business.

Operating leases

Rentals payable under operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the lease term.

Termination benefits

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

VAT

The Association is VAT registered but a large proportion of its 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.

Interest receivable and Interest payable

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

Interest payable and similar charges include interest payable and unwinding of the discount on provisions.

Borrowing costs that are 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 interest payable are recognised in the statement of comprehensive income as they accrue.

Taxation

The Association is generally exempt from Corporation Tax on income and gains to the extent that these are derived from the Association's charitable activities. The tax expense in the year relates to non-exempt activities in the Association.

Tax on the surplus 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.

Pensions - Defined benefit plans

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

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

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

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

The Association participates in 4 defined benefit plans as set out below:-

- The Pensions Trust Social Housing Pension Scheme;
- The Pensions Trust Growth Plan;
- Leicestershire County Council Pension Fund; and
- Derbyshire County Council Pension Scheme.

The Pensions Trust Social Housing Pension Scheme

The Association 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 Association 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.

The Pensions Trust Growth Plan

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

Leicestershire County Council Pension Fund

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

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

Derbyshire County Council Pension Scheme

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

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

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
New Build House Structures	125
New Build Flat Structures	100
Shared Ownership Structures	100
Other Structures	100
Roofs	50
Bathrooms	30
Decarbonisation Works	30
Windows and doors	30
Kitchens	20
Adaptations	15
Heating Systems	15
Other components	30

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

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

Non component works to existing properties

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

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:

	years
Office premises	50
Office improvements	10
Car Parks	25
Heating Systems	15
Warden Call Systems	15
Motor vehicles	4
Office fixtures, fittings and equipment	4
Plant and Equipment	4

Impairment of Fixed Assets

The Association's internal controls are designed to identify where impairment triggers for reduction in the value of housing properties and other tangible fixed assets 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.

Investments

Investments are accounted for at cost less impairment and represent investments in non-subsidiary organisations, long term investments as a condition of loan terms and long term deposits held with banks.

Investments in subsidiaries

Investments in subsidiaries are accounted for at cost and represent investments in share capital.

HomeBuy

Under the HomeBuy scheme, the Association received HomeBuy grant representing a percentage of the open market purchase price of a property in order to advance interest free loans to a homebuyer. The loans advanced by the Association meet the definition of concessionary loans and are shown as 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 Association recovers the equivalent loaned percentage value of the property at the time of the sale. The grant is reclassified to RCGF when the loans are redeemed up to the amount of the original grant and to the extent the proceeds permit. The Association is able to retain any surplus proceeds less sale costs attributable to the equivalent loaned percentage share of the value of the property. If there is a fall in value of the property the shortfall in proceeds is offset against the grant.

Properties held for sale and work in progress

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

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.

Prepayments are valued at the amount prepaid net of any trade discounts due.

Impairment of 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 Association would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in surplus. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through surplus.

Short term investments

Short term Investments comprise of cash held in deposit accounts with notice periods ranging in excess of three months and up to twelve months from the date of inception.

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.

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.

Loan and 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.

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.

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.

<u>Impairment of property values</u>

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; and
- Obsolescence.

An obsolesce trigger for impairment has been identified and an impairment review has been performed. Further detail is provided in Note 14.

<u>Value of schemes in development</u>

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

<u>Cost apportionment on development schemes</u>

The Association apportions the cost of individual properties on development schemes using a square metre basis and a cost per square metre based on tenure type.

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.

No triggers for impairment have been identified.

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.

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 plans, such estimates are subject to significant uncertainty. Further details are given in Note 27.

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

	Turnover	Cost of Sales	Operating costs	Operating surplus/ deficit	Turnover	Cost of Sales	Operating costs	Operating surplus/ deficit
	2026 £'000				2025 £'000			
Social housing lettings								
General needs	91,069	-	(67,128)	23,941	77,270	-	(57,325)	19,945
Supported housing and housing for older people	20,943	-	(19,845)	1,098	29,162	-	(25,898)	3,264
Low cost home ownership	10,317	-	(4,765)	5,552	9,213	-	(4,362)	4,851
	122,329	-	(91,738)	30,591	115,645	-	(87,585)	28,060
Other social housing activities								
Support activities	-	-	-	-	1	-	(76)	(75)
First tranche shared ownership sales	10,653	(11,125)	-	(472)	12,961	(12,846)	-	115
Other	3,226	(1,820)	(87)	1,319	1,732	-	(71)	1,661
	13,879	(12,945)	(87)	847	14,694	(12,846)	(147)	1,701
Total social housing	136,208	(12,945)	(91,825)	31,438	130,339	(12,846)	(87,732)	29,761
Non-social housing activities	1,083	-	(581)	502	847	-	(762)	85
Non housing activities	162	-	(154)	8	195	-	(221)	(26)
Total	**137,453**	**(12,945)**	**(92,560)**	**31,948**	**131,381**	**(12,846)**	**(88,715)**	**29,820**
Gain on disposal of tangible fixed assets				5,936				3,833
Operating surplus				**37,884**				**33,653**

3 SOCIAL HOUSING LETTINGS

	General Needs	Supported housing and housing for older people £'000	Low cost home ownership	2026 Total £'000	2025 Total £'000
Rent receivable net of identifiable service charges	85,277	13,304	9,160	107,741	102,662
Service charges receivable	3,770	6,924	787	11,481	9,903
Net rents receivable	**89,047**	**20,228**	**9,947**	**119,222**	**112,565**
Amortised government grant	1,979	470	370	2,819	2,712
Other	43	245	-	288	368
Total income from lettings	**91,069**	**20,943**	**10,317**	**122,329**	**115,645**
Expenditure on lettings activities:					
Management	19,594	7,335	2,506	29,435	27,905
Service charge costs	6,014	6,993	716	13,723	12,841
Routine maintenance	18,998	2,084	33	21,115	21,553
Planned maintenance	3,832	356	4	4,192	3,629
Major repairs expenditure	1,310	192	4	1,506	1,430
Bad debts	485	115	(2)	598	501
Depreciation of housing properties	16,251	2,575	1,443	20,269	18,875
Other costs	644	195	61	900	851
Total expenditure on lettings	**67,128**	**19,845**	**4,765**	**91,738**	**87,585**
Operating surplus on lettings	**23,941**	**1,098**	**5,552**	**30,591**	**28,060**
Void losses	1,101	858	1	1,960	1,605

4 HOUSING STOCK

	2025 Number	2025 Restatement	2025 Restated	Additions Number	Disposals Number	Reclassified Number	2026 Number
Social housing accommodation							
General needs rented	9,981	1,738	11,719	196	(52)	1,682	11,807
Affordable rented	2,485	-	2,485	58	(3)	64	2,604
Supported housing & housing for older people	4,283	(1,738)	2,545	9	(11)	(1,743)	2,538
Low cost home ownership	2,349	-	2,349	162	(27)	(1)	2,483
Managed on behalf of other landlords	21	-	21	-	-	-	21
Total social housing managed	19,119	-	19,119	425	(93)	2	19,453
Non-social housing managed							
Leaseholders	628	-	628	-	4	(1)	631
Freehold	266	-	266	-	5	(1)	270
Other landlords	-	-	-	-	-	-	-
Commercial	28	-	28	-	-	-	28
Total non-social housing managed	922	-	922	-	9	(2)	929
Total housing stock	**20,041**	**-**	**20,041**	**425**	**(84)**	**-**	**20,382**
Garages and other non-habitable units	935	-	935	-	-	-	935
Total units managed	**20,976**	**-**	**20,976**	**425**	**(84)**	**-**	**21,317**
Housing units in development pipeline	**1,054**						**767**

At 31 March 2026 the Association owned 580 units (2025: 586) which are managed by agents.

During the year services provided at some properties were reviewed and this resulted in 1,738 properties being reclassified from Supported housing and housing for older people to General needs.

5 EXPENSES AND AUDITOR'S REMUNERATION	2026 £'000	2025 £'000
Included in surplus are the following:		
Depreciation of housing properties	20,296	18,946
Depreciation of other fixed assets	1,151	1,103
Surplus of sale of fixed assets	5,917	3,833
Operating lease payments		
Motor vehicles	955	923
Office equipment	7	21
Land and buildings	22	22
Auditor's remuneration:		
Audit of these financial statements	59	57
Other services	34	32

6 STAFF NUMBERS AND COSTS	2026 Number	2025 Number

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

	2026 Number	2025 Number
Office staff	242	239
Wardens and caretakers	30	30
Operatives	154	153
	426	422

	2026 £'000	2025 £'000
Staff costs for the above persons:		
Wages and salaries	15,065	14,468
Social security costs	1,875	1,358
Pension costs	1,264	1,390
Termination benefits	43	353
	18,247	17,569

7 BOARD MEMBERS AND EXECUTIVE DIRECTORS

Remuneration of £10k and expenses of £Nil were paid by the Association to Board Members during the year (2025: Remuneration of £11k and expenses of £Nil). The Executive Director is employed by the parent company; East Midlands Housing Group Limited.

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

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

	2026 Number	2025 Number
Bands		
£60,001 to £70,000	14	9
£70,001 to £80,000	5	3
£80,001 to £90,000	6	4
£90,001 to £100,000	1	1
£101,001 to £110,000	2	-
£110,001 to £120,000	2	1
£120,001 to £130,000	-	1
£130,001 to £140,000	1	1

8 SURPLUS ON DISPOSAL OF TANGIBLE FIXED ASSETS

	2026 £'000	2025 £'000
Disposal proceeds	10,331	7,301
Grant abated	(78)	762
Cost of disposals	(4,317)	(4,230)
	5,936	3,833
The above numbers include the following for shared ownership staircasing:		
Disposal proceeds	3,462	3,561
Grant abated	1	12
Cost of disposals	(1,957)	(1,626)
	1,506	1,947

9 INTEREST RECEIVABLE AND SIMILAR INCOME	2026 £'000	2025 £'000
Interest receivable from unlisted investments	681	1,230

10 INTEREST PAYABLE AND SIMILAR CHARGES	2026 £'000	2025 £'000
Loan interest	28,797	27,646
Amortisation of loan fees	573	547
Bond discount / premium amortisation	59	(12)
Annual financing costs	264	205
Change in FRS102 measurement	(159)	(120)
Recycled capital grant fund	227	252
Less capitalised interest	(6,200)	(5,871)
	23,561	22,647

11 FINANCING INCOME AND COSTS	2026 £'000	2025 £'000
Expected return on pension scheme assets	2,728	2,670
Interest on pension scheme liabilities	(2,864)	(2,680)
Net financing income / (costs)	(136)	(10)

12 TAXATION	2026 £'000	2025 £'000
Total tax expense recognised in the statement of comprehensive income and reserves.		
Total current tax	8	-
Reconciliation of effective rate		
Surplus before taxation	17,305	14,511
Total tax expense	8	-
Tax using the UK corporation tax rate of 25% (2025: 25%)	4,326	3,628
Charitable exemption	(4,318)	(3,628)
Total tax expense included in the surplus	8	-

13 HOUSING PROPERTIES	Under construction £'000's	Social housing letting £'000's	Supported & Elderly Housing £'000's	Low cost home ownership £'000's	Other Social Housing £'000's	Total housing properties £'000's
Cost						
1 April 2025	107,955	869,112	167,669	189,464	2,343	1,336,543
Restatement of 1 April 2025	-	39,232	(39,232)	-	-	-
Restated 1 April 2025	107,955	908,344	128,437	189,464	2,343	1,336,543
Additions	91,957	-	-	-	-	91,957
Replacement components	1,351	21,250	3,320	65	-	25,986
Properties completed in the year	(83,065)	55,840	2,360	24,844	21	-
Disposals	-	(7,867)	(1,475)	(1,958)	-	(11,300)
31 March 2026	118,198	977,567	132,642	212,415	2,364	1,443,186
Accumulated depreciation						
1 April 2025	-	140,599	40,076	11,711	617	193,003
Restatement of 1 April 2025	-	11,865	(11,865)	-	-	-
Restated 1 April 2025	-	152,464	28,211	11,711	617	193,003
Provision in the year	-	15,661	3,145	1,464	26	20,296
Eliminated on disposal	-	(5,867)	(1,385)	(143)	-	(7,395)
31 March 2026	-	162,258	29,971	13,032	643	205,904
Impairment						
1 April 2025	-	1,394	-	1,170	-	2,564
31 March 2026	-	1,394	-	1,170	-	2,564
Net book value						
31 March 2026	118,198	813,915	102,671	198,213	1,721	1,234,718
31 March 2025	107,955	727,119	127,593	176,583	1,726	1,140,976

During the year services provided at some properties were reviewed and this resulted in 1,738 properties being reclassified from Supported and Elderly Housing to Social Housing. This resulted in a restatement of the opening position at 1 April 2025 for both Cost and Accumulated Depreciation in the note above.

	2026	2025
	£'000	**£'000**
The net book value of housing properties comprises		
Freehold	1,213,306	1,128,096
Long leasehold	21,412	12,880
	1,234,718	1,140,976

Additions to housing properties incudes:		
Capitalised interest	6,200	5,871
(at the Group average borrowing rate)	4.61%	4.64%
Direct administration costs	3,523	3,425

There were no other fixed assets held under finance lease at the year-end (2025: £nil).

The Association had property with a net book value of £556,609k pledged as security at 31 March 2026 (2025: £538,478k).

14 IMPAIRMENT OF HOUSING PROPERTIES

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

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

a) Determined the level at which the recoverable amount is to be assessed i.e. the cash generating unit (CGU) level. The CGU was determined to be an individual property;
b) Estimated the recoverable amount of the CGU;
c) Calculated the carrying amount of the CGU and;
d) Compared the carrying amount to the recoverable amounts to determine if an impairment loss had occurred.

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

15 OTHER TANGIBLE FIXED ASSETS	Freehold Offices £'000's	Leasehold Office £'000's	Fixtures, Fittings and Equipment £'000's	Plant and Vehicles £'000's	Total other fixed assets £'000's
Cost					
1 April 2025	7,839	79	11,245	348	19,511
Additions	16	-	1,059	-	1,075
Transfers	-	-	(11)	-	(11)
Disposals	-	-	(69)	-	(69)
31 March 2026	7,855	79	12,224	348	20,506
Accumulated depreciation					
1 April 2025	2,853	79	6,823	348	10,103
Provision in the year	317	-	834	-	1,151
Eliminated on disposal	-	-	(60)	-	(60)
31 March 2026	3,170	79	7,597	348	11,194
Net book value					
1 April 2025	4,685	-	4,627	-	9,312
31 March 2025	4,986	-	4,422	-	9,408

16 FIXED ASSET INVESTMENTS	2026 £'000	2025 £'000
THFC Investment Account		
At 1 April	918	992
Transfer in year	(19)	(74)
At 31 March	899	918

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

Bank Deposits		
At 1 April	3,017	-
Transfer in year	85	3,017
At 31 March	3,102	3,017
Total Fixed Asset Investments	4,001	3,935

17 PROPERTIES FOR SALE AND WORK IN PROGRESS	2026 £'000	2025 £'000
Schemes developed for shared ownership sale	2,845	1,556
Schemes developed/in development for transfer to others	1,594	1,295
Schemes in development for shared ownership sale	11,998	16,368
	16,437	19,219

18 TRADE AND OTHER DEBTORS	2026 £'000	2025 £'000
Current tenant arrears	5,644	5,112
Less provision for bad and doubtful debts	(2,196)	(2,344)
Former tenant arrears	2,073	1,638
Less provision for bad and doubtful debts	(2,073)	(1,638)
Trade debtors	472	534
Less provision for trade debtors	(12)	(73)
Prepayments and accrued income	7,413	9,297
Other debtors	1	1
Amounts owed by group undertakings	4,147	3,989
Total debtors	15,469	16,516
Due within one year	15,469	16,516

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

19 SHORT TERM INVESTMENTS	2026 £'000	2025 £'000
Bank deposits	1	-

20 IMPAIRMENT OF FINANCIAL ASSETS

During the year emh Homes also carried out a review of financial assets including properties held as stock for sale. This identified no triggers for impairment including properties where the market value was below the value of the stock.

21 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	2026 £'000	2025 £'000
Loans and overdrafts (see note 23)	5,448	5,732
Trade creditors	9,931	12,308
Rent received in advance	5,460	4,633
Accruals and deferred income	13,297	14,549
Taxation and social security	381	395
Corporation tax	8	-
Leave pay	233	208
Deferred government grants (see note 25)	2,983	2,960
Other creditors	82	38
Amounts due to group undertakings	4,660	5,166
	42,483	45,989

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

22 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR	2026 £'000	2025 £'000
Loans and overdrafts (see note 23)	661,440	607,887
Deferred government grants (see note 25)	350,980	334,017
HomeBuy grant payable	4,769	4,908
Recycled capital grant fund (see note 26)	4,862	5,095
	1,022,051	951,907

23 LOANS	2026 £'000	2025 £'000
Bank loans	210,537	157,124
The Housing Finance Corporation	15,958	21,030
MOR Homes loan	37,500	37,500
Pension Insurance Corporation PLC loan	100,000	100,000
Bond finance from emh treasury PLC	297,893	297,965
Intercompany loan from emh Care and Support	5,000	-
	666,888	613,619

All loans are in Sterling and are secured by fixed charges on individual properties.

Loans have various fixed and variable rates of interest ranging between 3.1% (2025: 3.1%) and 11.8% (2025: 11.8%). The maturity of fixed rate interest arrangements does not necessarily lead to a requirement to repay the debt. Interest is payable on differing terms varying between monthly, quarterly and annually.

Loans are repayable as follows:		
In one year or less	5,448	5,732
Between two and five years	123,224	69,148
In more than five years	538,216	538,739
	666,888	613,619

The loan valuations above include an increase of £848k (2025: £1,007k) in respect of FRS102 Basic Financial Instruments amortised cost valuation method.

24 ANALYSIS OF CHANGES IN NET DEBT	At 1 April 2025 £'000	Cash flows £'000	Other non-cash changes £'000	At 31 March 2026 £'000
Cash and cash equivalents	19,568	(6,872)	-	12,696
Borrowings				
Debt due within one year	(5,732)	5,732	(5,448)	(5,448)
Debt due after one year	(607,887)	(58,639)	5,086	(661,440)
	(613,619)	(52,907)	(362)	(666,888)
Total Net Debt	(594,051)	(59,779)	(362)	(654,192)

25 DEFERRED GOVERNMENT GRANTS	Social housing grant £'000	Other government grant £'000	Total £'000
At 1 April 2025	319,372	17,605	336,977
Received in the year	19,373	1,778	21,151
Released to income in the year	(2,563)	(260)	(2,823)
Disposed in the year	(1,320)	(22)	(1,342)
At 31 March 2026	334,862	19,101	353,963
Deferred government grant to be released within one year	2,665	318	2,983
Deferred government grant to be released in more than one year	332,197	18,783	350,980

26 RECYCLED CAPITAL GRANT FUND	Recycled capital grant fund £'000
At 1 April 2025	5,095
Utilised during the year	(2,197)
Interest credited to the fund	227
Transferred to fund during the year	1,737
At 31 March 2026	4,862

27 PENSION SCHEMES

The Association operates four defined benefit pension schemes.

Summary of the movement on pension scheme liabilities for the year ended 31 March 2026

	The Pensions Trust - SHPS	The Pensions Trust - Growth Plan	Leicestershire County Council	Derbyshire County Council
		£'000		
Net liability as at 1 April 2025	2,940	1	-	-
Movements reflected in the income & expenditure account	170	-	37	191
Movements reflected in other comprehensive income	(199)	-	43	231
Contributions paid	(1,002)	-	(80)	(377)
Net liability as at 31 March 2026	1,909	1	-	45

Summary of the movement on pension scheme liabilities for prior year ended 31 March 2025

	The Pensions Trust - SHPS	The Pensions Trust - Growth Plan	Leicestershire County Council	Derbyshire County Council
		£'000		
Net liability at 1 April 2024	4,320	-	-	-
Movements reflected in the income & expenditure account	206	-	(81)	364
Movements reflected in other comprehensive income	(500)	1	218	(141)
Contributions paid	(1,086)	-	(137)	(223)
Net liability at 31 March 2025	2,940	1	-	-

The Pensions Trust - Social Housing Pension Scheme

The Association 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 2025. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2026 to 28 February 2027 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.

	2026 £'000	2025 £'000
Present values of defined benefit obligation, fair value of assets and defined benefit asset/(liability)		
Fair value of plan assets	19,148	18,173
Present value of defined benefit obligation	(21,057)	(21,113)
Defined benefit (liability) to be recognised	(1,909)	(2,940)

	2026 £'000	2025 £'000
Reconciliation of opening and closing balances of the defined benefit obligation		
Defined benefit obligation at start of period	21,113	22,686
Expenses	26	20
Interest expense	1,216	1,096
Actuarial losses (gains) due to scheme experience	(488)	960
Actuarial losses (gains) due to changes in demographic assumptions	168	-
Actuarial losses (gains) due to changes in financial assumptions	(305)	(2,937)
Benefits paid and expenses	(673)	(712)
Defined benefit obligation at end of period	21,057	21,113

	2026 £'000	2025 £'000
Reconciliation of opening and closing balances of the fair value of plan assets		
Fair value of plan assets at start of period	18,173	18,366
Interest income	1,072	910
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(426)	(1,477)
Contributions by the employer	1,002	1,086
Benefits paid and expenses	(673)	(712)
Fair value of plan assets at end of period	19,148	18,173
The actual return on the plan assets (including any changes in share of assets) over the period	646	567

	2026 £'000	2025 £'000
Defined benefit costs recognised in statement of comprehensive income (SOCI)		
Expenses	26	20
Net interest expense	144	186
Defined benefit costs recognised in statement of comprehensive income (SoCI)	170	206

	2026 £'000	2025 £'000
Defined benefit costs recognised in other comprehensive income		
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(426)	(1,477)
Experience gains and losses arising on the plan liabilities - (loss)/gain	488	(960)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - (loss)/gain	(168)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - (loss)/gain	305	2,937
Total amount recognised in other comprehensive income - gain (loss)	199	500

	2026 £'000	2025 £'000
Assets		
Global Equity	2,122	2,036
Liquid Alternatives	3,410	3,370
Insurance-Linked Securities	28	56
Property	935	910
Infrastructure	1	3
Private Equity	41	16
Real Assets	1,803	2,176
Private Credit	2,312	2,224
Credit Relative Value	762	695
Investment Grade Credit	1,126	560
Cash	4	247
Long Lease Property	-	5
Secured Income	581	303
Liability Driven Investment	5,838	5,504
Currency Hedging	(1)	29
Net Current Assets	186	39
Total assets	19,148	18,173

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	**2026**	**2025**
	% per annum	**% per annum**
Discount Rate	6.14	5.85
Inflation (RPI)	3.29	3.09
Inflation (CPI)	3.03	2.79
Salary Growth	4.03	3.79
Allowance for commutation of pension for cash at retirement:	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted as at 31 March 2026 imply the following life expectancies:

	Life expectancy at age 65
	(Years)
Male retiring in 2026	20.9
Female retiring in 2026	23.2
Male retiring in 2046	22.2
Female retiring in 2046	24.6

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 2026.

The estimated impact on emh Housing and Regeneration Limited if these pension changes are ruled not to have been valid is not expected to be material on the financial statements.

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

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

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

The Pensions Trust - The Growth Plan

The Association 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.

	2026 £'000	2025 £'000
Present Value of provision		
Present value of provision at period end	1	1
Reconciliation of opening and closing provisions		
Provision at start of period	1	-
Remeasurement - amendments to the contribution schedule	-	1
Provision at the end of period	1	1
Income and expenditure impact		
Remeasurement - amendments to the contribution schedule	-	1
Assumptions		
Rate of discount per annum	4.92%	4.84%

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

Local government pension scheme

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

	Leicestershire County Council		Derbyshire County Council	
	2026	**2025**	**2026**	**2025**
	£'000	**£'000**	**£'000**	**£'000**
Fair value of employer assets	8,972	8,848	38,399	36,445
Present value of funded liabilities	(4,475)	(4,055)	(24,978)	(24,884)
Net overfunding in funded plans	4,497	4,793	13,421	11,561
Present value of unfunded liabilities	-	-	(45)	(49)
Restriction of pension fund surplus	(4,497)	(4,793)	(13,421)	(11,512)
Net (liability)	-	-	(45)	-

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 surpluses could be recognised in future accounting periods. The effects of this restriction are noted below.

	Leicestershire County Council		Derbyshire County Council	
	2026	**2025**	**2026**	**2025**
Reconciliation of defined benefit obligations	**£'000**	**£'000**	**£'000**	**£'000**
Opening value of funded liabilities	4,055	4,645	24,884	28,703
Opening value of unfunded liabilities	-	-	49	54
Current service cost	39	72	197	267
Past service cost (including curtailments)	-	26	-	94
Interest cost on obligations	232	225	1,416	1,359
Members contributions	15	21	80	80
Benefits paid	(148)	(137)	(1,336)	(1,277)
Unfunded benefits paid	-	-	(4)	(4)
Changes in financial assumptions	(99)	(753)	(684)	(4,024)
Changes in demographic assumptions	(64)	(8)	(752)	(50)
Other experience	445	(36)	1,173	(269)
Closing value of funded liabilities	4,475	4,055	24,978	24,884
Closing value of unfunded liabilities	-	-	45	49

	Leicestershire County Council 2026	Leicestershire County Council 2025	Derbyshire County Council 2026	Derbyshire County Council 2025
Reconciliation of fair value of plan assets				
Opening fair value of plan assets	8,848	8,324	36,445	36,112
Interest on assets	234	404	1,422	1,356
Members contributions	15	21	80	80
Employers' contributions	80	137	373	219
Benefits paid	(148)	(137)	(1,336)	(1,277)
Unfunded benefits paid	-	-	(4)	(4)
Contributions in respect of unfunded benefits paid	-	-	4	4
Other experience	(434)	-	(141)	-
Return on assets excluding net interest	377	99	1,556	(45)
Closing fair value of plan assets	8,972	8,848	38,399	36,445
Expenses recognised in the income and expenditure account				
Current service cost	39	72	197	267
Past service cost (including curtailments)	-	26	-	94
Interest cost	(2)	(179)	(6)	3
Total pension costs recognised in the income and expenditure account	37	(81)	191	364
Amounts recognised in other comprehensive income				
Changes in financial assumptions	(99)	(753)	(684)	(4,024)
Changes in demographic assumptions	(64)	(8)	(752)	(50)
Other experience	879	(36)	1,314	(269)
Return on assets excluding interest	(377)	(99)	(1,556)	45
Restriction of pension fund surplus	(296)	1,114	1,909	4,157
Total amounts recognised in other comprehensive income	43	218	231	(141)
Reconciliation of the effect of the restriction on pension fund surplus				
Net asset ceiling at Start Financial Year	4,793	3,679	11,512	7,355
Restriction of pension fund surplus	(296)	1,114	1,909	4,157
Net asset ceiling at End Financial Year	4,497	4,793	13,421	11,512
The estimated split of plan assets at each period end is as follows:				
Equities	81%	78%	61%	62%
Bonds	5%	5%	28%	27%
Property	6%	7%	7%	7%
Cash	8%	10%	4%	4%
	100%	100%	100%	100%

	Leicestershire County Council		Derbyshire County Council	
	2026	2025	2026	2025
Principal actuarial assumptions at the year-end were as follows:				
Inflation/pension increase rate	3.00%	2.75%	3.00%	2.80%
Salary increase rate	3.50%	3.25%	4.00%	3.80%
Discount rate	6.20%	5.80%	6.20%	5.80%

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2025 model, with core parameterisation, initial adjustment of 0.25% and a long-term rate of improvement of 1.5% p.a for both males and females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Male Years	Female	Male Years	Female
Current pensioners	21.5	24.9	21.3	24.2
Future pensioners	21.9	26.5	22.1	25.5

A commutation allowance is included for future retirements to elect to take 70% in the Leicestershire County Council scheme and 65% 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 2025. The Association expects to contribute £nil to the Derbyshire County Council scheme and £nil to the Leicestershire County Council scheme in the period to 31 March 2027.

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 End Financial Year	**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%	68	1%	323
1 year increase in member life expectancy	4%	179	4%	1,001
0.1% increase in salary increase rate	0%	6	0%	18
0.1% increase in pension increase rate (CPI)	1%	62	1%	305

28 SHARE CAPITAL	2026 £'000	2025 £'000
Share capital		
Allotted, issued and fully paid at 1 April and 31 March	-	-

At 31 March 2026, the Association had 8 ordinary shares (2025: 8) in issue, with each share having a nominal value of £1. The shares have no rights to dividends nor to any share of assets of the Association in the event of it ceasing to operate.

29 OPERATING LEASES	2026 £'000	2025 £'000
Non-cancellable operating lease rentals are payable as follows:		
Less than one year	1,204	1,202
Between one and five years	1,069	2,325
	2,273	3,527

During the year £984k was recognised as an expense in the statement of comprehensive income in respect of operating leases (2025: £966k).

30 CAPITAL COMMITMENTS	2026 £'000	2025 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	124,724	108,378
Sources of Funding		
Government Grants	7,610	20,868
Working Capital	56,566	16,511
Secured & Available Facilities	60,548	70,999
Capital expenditure that has been authorised by the Board of Management but has yet been contracted for	69,018	93,951
Sources of Funding		
Secured & Available Facilities	69,018	93,951

31 CONTINGENT LIABILITIES	2026 £'000	2025 £'000
Development Scheme Guarantees	105	105
Pension Guarantee	200	200
	305	305

The development scheme guarantees relate to section 38 planning conditions on 2 development schemes and are with local authorities.

The pension guarantee relate to the employees transferred from a local authority who are members of the LCC LGPS scheme as detailed in note 27.

32 RELATED PARTIES	2026 £'000	2025 £'000

No board members or shareholders at 31 March 2026 were tenants of the Association during the year.

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

	2026 £'000	2025 £'000
Sales to:		
East Midlands Housing Group Limited	226	314
emh Care & Support Limited	101	99
Midlands Rural Housing	401	405

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

	2026 £'000	2025 £'000
Purchases from:		
East Midlands Housing Group Limited	16,787	15,378
emh Treasury plc	13,941	13,835
Sharpes Garden Services Limited	4,993	4,697
emh Care & Support Limited	629	626
emh Development Company Ltd	17,999	20,158

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

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

	2026 £'000	2025 £'000
Debtors		
East Midlands Housing Group Limited	2,265	2,300
Midlands Rural Housing	634	576
emh Sharpes	102	56
emh Development Company Limited	1,146	1,057
Creditors: amounts falling due within one year		
emh Sharpes	75	250
emh Care & Support Limited	351	300
East Midlands Housing Group Limited	-	4
emh Treasury plc	2,906	2,736
emh Development Company Limited	1,328	1,876
Loans		
emh Treasury plc	297,893	297,965
emh Care & Support Limited	5,000	-

33 ULTIMATE PARENT COMPANY

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