

# East Midlands Housing Group Limited

## **REPORT AND FINANCIAL STATEMENTS**

For the year ended 31 March 2024

**EAST MIDLANDS HOUSING GROUP LIMITED**  
**GROUP REPORT AND FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2024

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

FOR THE YEAR ENDED 31 MARCH 2024

BOARD MEMBERS

**David Russell** (*Group Chair*)  
Patricia McCabe (*Group Vice Chair*)  
Amanda Ashton  
Tim Brown  
Paul Casey (appointed September 23)  
Margaret Coward  
Shabir Ismail  
Chandrakant Kataria  
Roger Merchant  
Gail Puttock  
Sarah Woolley (appointed September 23)

EXECUTIVE DIRECTORS

**Chandrakant Kataria**  
*Group Chief Executive*

Geoffrey Clarke  
*Executive Director – Finance*

Jo Tilley  
*Executive Director – Corporate Services*

Chris Jones  
*Executive Director- Development*

Chris Ashton  
*Executive Director – Housing*

Ruth Jennings  
*Executive Director – Care & Support*

PRINCIPAL BANKER

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

AUDITOR

**KPMG LLP**  
One Snow Hill  
Queensway  
Birmingham  
B4 6GH

SECRETARY & REGISTERED HEAD OFFICE

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

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

FOR THE YEAR ENDED 31 MARCH 2024



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

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

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

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

5 Total properties developed which includes 7 remodelled properties and 9 for outright sale

**EAST MIDLANDS HOUSING GROUP LIMITED  
STRATEGIC REPORT**

FOR THE YEAR ENDED 31 MARCH 2024

The Board of East Midlands Housing Group Limited is pleased to present its financial statements for the year ended 31 March 2024. The Group comprises the parent company and wholly owned subsidiaries as set out below.

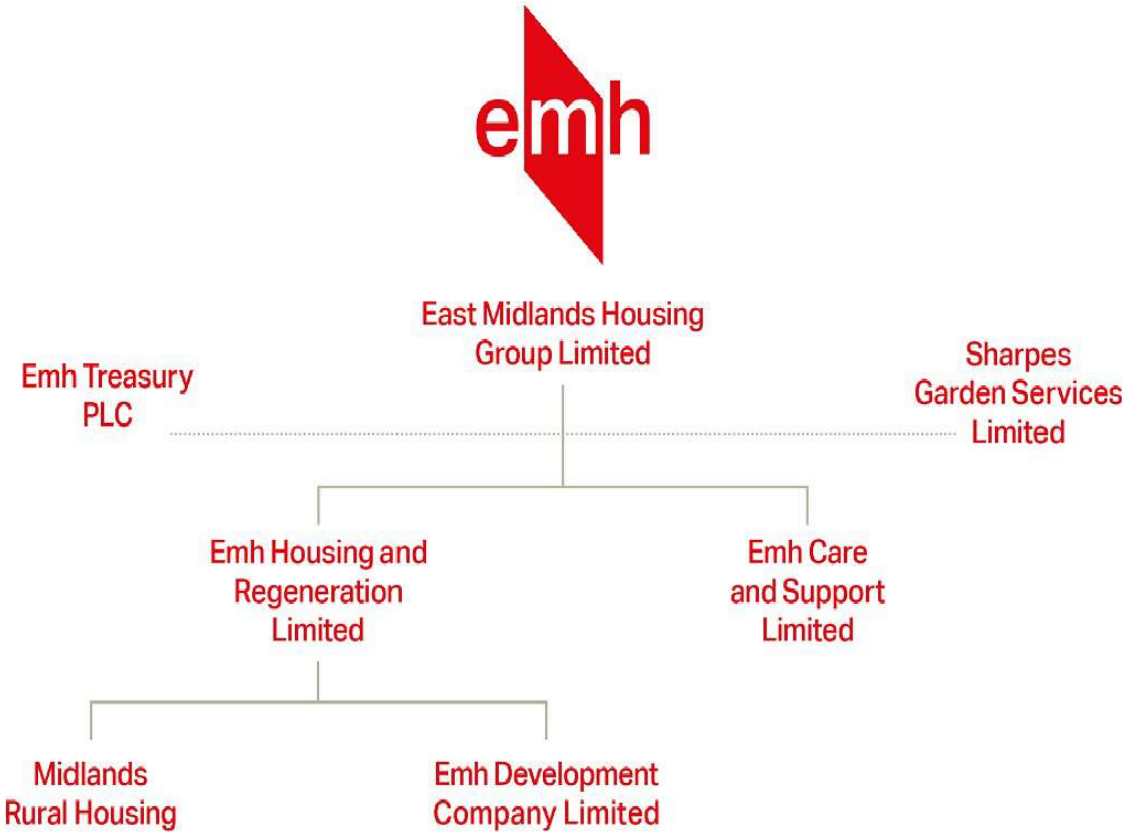
**Background**

emh Group started its life as a traditional housing association in 1946 and has since established itself as one of the leading providers of affordable housing in the East Midlands region. The Group manages over 21,000 properties across 49 different local authorities and provides over 11,000 hours of care and support to vulnerable and disabled people each week.

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

**About the Group**

The chart below shows the structure of the group.



# EAST MIDLANDS HOUSING GROUP LIMITED

## STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2024

### About the Group (continued)

#### East Midlands Housing Group Limited (trading as emh Group)

*Registered Provider under the Co-operative and Community Benefit Society Act 2014 (non charitable)*

Sets the strategic direction for the Group and provides a range of support and development services to subsidiary companies.

#### emh Housing & Regeneration Limited (trading as emh Homes)

*Registered Provider under Co-operative and Community Benefit Society Act 2014 (charitable)*

Formed in 2013 as the result of the amalgamation of four independent housing associations. Provides landlord services to circa 20,000 mixed tenure properties across the region. Also leads the Quantum Development Consortium which is an investment partner with Homes England (previously the Homes and Community Agency)

#### emh Care & Support Limited

*Company Limited by Guarantee under the Charities Commission*

Provides landlord and day care services to adults with learning disabilities and other vulnerable people. Delivers circa 11,000 hours of care and support each week within a supported living, registered care and nursing home environment.

#### Sharpes Garden Services Limited

*Company Limited by Shares (non-charitable)*

Provides garden maintenance and landscaping services within the Group.

#### Midlands Rural Housing & Village Development Association Limited

*Non-registered Provider under the Co-operative and Community Benefit Society Act 2014 (non charitable)*

Provides specialist management services to four independent rural housing associations.

#### emh Development Company Limited

*Company Limited by Shares (non-charitable)*

Provides Design and Build Services to the Group.

#### emh Treasury PLC

*Public Limited Company*

A special purpose vehicle set up primarily to raise funds through the Debt Capital Markets.

### Corporate Mission and Aims

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

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

# EAST MIDLANDS HOUSING GROUP LIMITED

## STRATEGIC REPORT

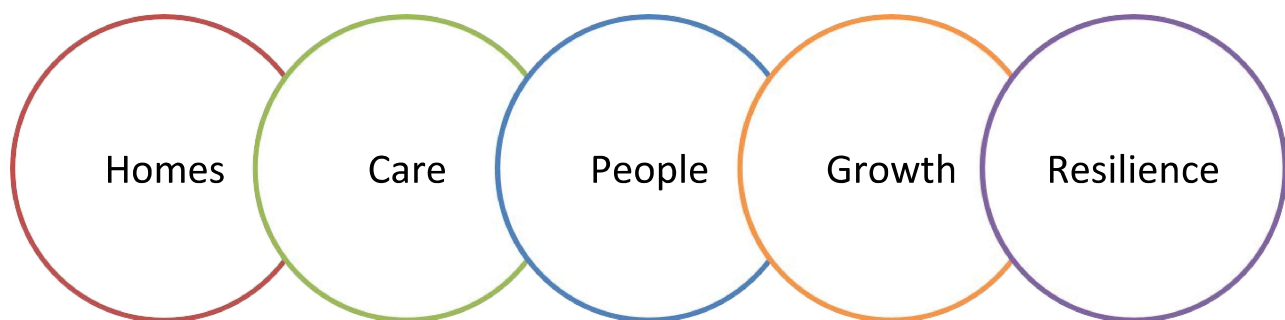
FOR THE YEAR ENDED 31 MARCH 2024

### Future Plans

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

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

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



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

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

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

# EAST MIDLANDS HOUSING GROUP LIMITED

## STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2024

### Future Plans (continued)

#### 1. Homes

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

- We have updated our customer service strategy with a focus on right first time. We will actively seek to improve satisfaction, address complaints effectively and produce less waste;
- We are streamlining our services through 'The Big Project' 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 meet the highest standards of performance, quality and compliance and be financially viable.**

- 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 by 2024;
- 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.



# EAST MIDLANDS HOUSING GROUP LIMITED

## STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2024

Future Plans (continued)

### 4. Growth

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

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

### 5. Business Resilience

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

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

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

## Leadership and Governance

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

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

On an annual basis we carry out a review of the effectiveness of our board and this is independently reviewed every three years and was last undertaken in 2024. The association has adopted and is compliant with the National Housing Federation 2020 Code of Governance.

Throughout 2023/24, our customers played a key role in shaping and influencing service delivery, policy making and strategy. Our new Resident Influence Committee, is now fully embedded and has grown from strength to strength, providing assurance to the Board that we are hearing the voice of the customer. Over the last 12 months, we have worked collaboratively with core resident groups on key projects and increased and broadened resident

## EAST MIDLANDS HOUSING GROUP LIMITED STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2024

### Leadership and Governance (continued)

engagement opportunities across the organisation. Consultations took place in 9 service areas, directly involving the residents' voice in policy, procedure, or strategy decisions and 34 engagement focussed surveys were conducted across the business to gather resident feedback in a range of areas.

### Board membership, remuneration and attendance

Name and Remuneration	Board Member	Audit Committee	Treasury Committee	Remunerations & Governance Committee	Board Meeting Attendance
<b>EAST MIDLANDS HOUSING GROUP LTD</b>					
Amanda Ashton £14,035.93	◆				5/7
Timothy Brown £14,035.93	◆				7/7
Paul Casey* £10,958.85	◆				3/4
Margaret Coward £10,958.85	◆				7/7
Shabir Ismail £10,958.85					6/7
Chandrakant Kataria <i>Paid as an executive</i>	◆				7/7
Patricia McCabe £14,035.93	◆ Vice-Chair			◆ Chair	5/7
Roger Merchant £10,958.85	◆	◆ Chair			5/7
Gail Puttock £10,958.85	◆				6/7
David Russell £23,392.85	◆ Chair		◆ Chair		6/7
Sarah Woolley* £10,958.85	◆				4/4

\* Appointed September 23

### Business Review and Operating Environment

The needs of our customers continue to change with many requiring more from us as a housing and care provider. The ongoing rises in living costs, especially heating, fuel and food, are placing considerable financial burdens on many of our tenants and residents. With an ageing population and a fragile care system, we face challenges to both the housing and care sectors. We want to remove the stigma attached to the social housing and care sectors and to bring about a change in perceptions so our customers, colleagues and others across the sectors can be proud about social housing and care. We have a lot to achieve, but emh Group is already very proud to provide housing and care services to residents and service users in circa 22,000 properties with a turnover of £147million and circa 1,100 employees. Our objectives remain relevant even when facing unprecedented changes to our operating context - changes that have and continue to present us with both challenges and opportunities, and we embrace both.

## **EAST MIDLANDS HOUSING GROUP LIMITED** **STRATEGIC REPORT**

FOR THE YEAR ENDED 31 MARCH 2024

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

As the Better Social Housing Review 2022 set the future expectations of the sector we have developed an action plan to implement the recommendations. We welcome the emphasis on housing providers refocusing on their core purpose, and the commitments to positive placeshaping and levelling up. The Review complements many of the requirements contained in the Social Housing Regulation Act, including closer consumer regulation and inspection, strengthened powers for the Housing Ombudsman Services and a new framework of Tenant Satisfaction Measures. We embrace all these changes to give customers greater assurance about the homes and services they have a right to expect. Uncomfortable as it can be, the media and public are right to highlight instances where housing providers fail to meet their obligations or basic standards of safety, listening and responsiveness. We resolve to avoid these situations in our business, and to put things right quickly and be held to account if they do ever occur.

As a PlaceShapers member, we're always conscious of the wider impact of our work and the opportunities it creates. Our environmental, social and governance (ESG) plan sets out a range of initiatives – from digital inclusion to waste recycling and town regeneration – with regular reporting and monitoring of progress against the relevant United Nations Sustainable Development Goals.

We are proud to have retained our accreditation as an Investors in People Gold organisation. We have expanded the team of cultural transformation practitioners trained within the Group; and have established an Aspiring Leader's programme to sit alongside our Aspiring Manager's programme, with a strong focus on growing our own talent across our business. A move to permanent home and flexible working for many of our staff has been well received with additional training and support provided to facilitate this change. All managers have been trained in coaching techniques to further improve support for colleagues across the organisation.

Due to the ongoing hard work and dedication of our Income team we have exceeded our arrears target of 3.50% achieving 3.14% at year end. We have also seen strong property sales as the market remains buoyant in our operating area. The cost of living crisis is likely to have a further impact going forward and our stress testing shows that whilst financial performance may vary in the short term, viability will not be threatened. This situation will be monitored on an ongoing basis.

Our main areas of operation, the provision of affordable housing and care & support services, continue to be complex and diverse. The housing crisis is multi-faceted, with key issues around supply, availability, homelessness and living standards. Having been in operation for over 75 years and with expertise including rural and specialist or supported housing we have the profile and reputation to influence at both a local and national level within and outside of the sector.

Having strengthened our Strategic Partnership with Homes England we now aim to develop up to 500 new homes each year across the region, with a mix of social rent, affordable rented and low-cost home ownership. Being able to offer a balanced tenure mix of new homes will allow us to support and build sustainable communities. Our development programme now includes more land-led schemes alongside package deals.

We are also focused on the standard of our current homes. As homes account for about a third of all the UK's carbon emissions, it is imperative for us to upgrade our properties to make them better insulated, more energy-efficient and affordable to heat.

## **EAST MIDLANDS HOUSING GROUP LIMITED**

### **STRATEGIC REPORT**

FOR THE YEAR ENDED 31 MARCH 2024

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

We remain committed to making a real difference to homelessness by preventing, reducing and responding to homelessness as appropriate. We believe that no-one should be without somewhere safe, secure and affordable to live. We are pleased to support this work by partnering with six local authority homelessness partnerships across the East Midlands. These will provide real solutions including temporary provision, move on accommodation and tenancy sustainment measures to ensure tenancies have every chance of success. This includes our Housing First initiatives.

Providing housing and care to improve opportunities for people remains at the heart of what we do, and these challenges and uncertainties do nothing to diminish our strong social purpose. Following our rating of V2/G1, it was deemed that whilst emh remain financially stable the risk of managing external factors has increased. This pressure has been felt by many in the sector and is reflective of the challenges being faced across the country. Emh have accepted this result and are proactively working on our strategy to return to V1. We secured an A (stable) rating with Standard & Poors in year, acknowledging the aspirations of the company and the challenges the sector is facing.

Our Care and Support arm delivers vital services to adults with learning disabilities, mental health problems and the elderly and is an important part of our service offering. Ensuring the well-being, independence and fulfilment of our customers is paramount. Financial year 2023-24 was another challenging year with the sector seeing the impacts of resource scarcity and increasing costs. We are working hard to ensure that all of our services are financially viable whilst maintaining a safe and effective service. We have undertaken an asset and service review to improve our viability. Our flagship extra care scheme in Ashby de la Zouch, providing shared ownership and rented homes for those with care and support needs, is thriving. This development has proved to be extremely popular both with residents and the community. Under the ongoing strategic partnership with Homes England we have plans in place to develop a further 2 extra care schemes cementing ourselves as leading care providers.

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

- Winner of Best Housing Association at National Energy Efficiency Awards 2023
- Winner of Best Housing Association at East Midlands Energy Efficiency Awards 2023 alongside highly commended in Best Vulnerable Customer Support.
- Winner of Best Housing Association/Landlord and were highly commended in the Best Vulnerable Customer Support Organisation.
- Shortlisted for Development Team of the Year at Inside Housing Development Awards 2023
- Shortlisted for Finance Team of the Year and East Midlands Finance Awards 2023
- Winner of Rising Star at East Midlands Finance Awards 2023
- Winner of Apprentice of the Year at East Midlands Chamber Business Awards 2023
- Shortlisted for Treasury Team of the Year at Association of Corporate Treasurers Awards 2024.

**EAST MIDLANDS HOUSING GROUP LIMITED**  
**STRATEGIC REPORT**

FOR THE YEAR ENDED 31 MARCH 2024

**Risk Management**

Risk	Our response
<b>GROWTH AND BUSINESS DEVELOPMENT</b>	
<p><b>Unable to deliver the development programme</b>  <i>Lack of affordable land, increasing building costs and a market downturn ultimately reduces our ability to meet development programme objectives. Withdrawal of Homes England Funding in the event of non-compliance with the Consumer Standards</i></p>	<ul style="list-style-type: none"> <li>✓ We have stress tested our financial plan for changes in the development programme;</li> <li>✓ We have a Development Strategy and a Marketing Strategy;</li> <li>✓ We have a Development Monitoring Group;</li> <li>✓ We work in partnership with Homes England;</li> <li>✓ We investigate new products and joint ventures;</li> <li>✓ We have revised financial parameters in place;</li> <li>✓ We have developed a contractor insolvency risk map.</li> </ul>
<b>BUSINESS AND FINANCIAL RESILIENCE</b>	
<p><b>Insufficient liquidity and unstable financial viability</b>  <i>Weak economic conditions with high inflation and interest rates causing increases in operating costs leading to breach of covenants. Failure to deliver and demonstrate that value for money has been achieved. Introduction of a rent cap.</i></p>	<ul style="list-style-type: none"> <li>✓ We have a robust Financial Planning and Budgeting process;</li> <li>✓ We have a Value for Money Strategy and unit cost analysis;</li> <li>✓ We have a programme of Efficiency Gains;</li> <li>✓ We carry out robust stress testing;</li> <li>✓ We have a recovery plan;</li> <li>✓ We have a Treasury Policy/Strategy;</li> <li>✓ We are hedging debt.</li> </ul>
<p><b>Noncompliance with Health &amp; Safety requirements</b>  <i>Failure of leaders to identify risks and adequately prioritise and embed robust health and safety policies, procedures, systems and reporting into the everyday culture and activities of the organisation. Failure also of those who operate on our behalf, putting the health and safety of employees, customers, and the wider public at risk of harm</i></p>	<ul style="list-style-type: none"> <li>✓ The Health &amp; Safety policy is reviewed annually;</li> <li>✓ We have a dedicated Health &amp; Safety governance and structure;</li> <li>✓ We have a trained in-house Health &amp; Safety team;</li> <li>✓ We have an annual Health &amp; Safety Learning &amp; Development Plan;</li> <li>✓ We have an ISO45001 action plan;</li> <li>✓ We ensure safe systems of work &amp; risk assessments.</li> </ul>
<p><b>Failure to maintain reliable and secure data</b>  <i>Lack of robust data and systems across the business leading to data integrity issues. Loss of data or disruption to ICT service as a result of cyber-attacks. Financial loss due to cyber-attack related fraud</i></p>	<ul style="list-style-type: none"> <li>✓ We have backup solutions and disaster recovery;</li> <li>✓ We have Cyber Essentials Plus accreditation;</li> <li>✓ We have external penetration testing of systems;</li> <li>✓ We have technical solutions and ICT infrastructure;</li> <li>✓ We carry out Internal audit and continuous assurance;</li> <li>✓ Multifactor authentication implemented.</li> </ul>

**EAST MIDLANDS HOUSING GROUP LIMITED**  
**STRATEGIC REPORT**

FOR THE YEAR ENDED 31 MARCH 2024

**Risk Management (continued)**

Risk	Our response
<b>PEOPLE AND ORGANISATIONAL DEVELOPMENT</b>	
<p><b>Ineffective governance</b>  <i>Increased wider regulatory requirements. Weaknesses in internal controls.</i>  <i>Inability to attract skilled and diverse Members leading to ineffective leadership and failure to appropriately drive the organisation's social purpose, culture, mission and values or to embed resident focus in its decision making and safeguard the reputation and long term financial viability.</i></p>	<ul style="list-style-type: none"> <li>✓ Governance structure including R&amp;G committee</li> <li>✓ Independent committee members;</li> <li>✓ Adopted NHF Code of Governance;</li> <li>✓ Board remuneration (with exception of c&amp;s);</li> <li>✓ Board membership, recruitment and succession policy &amp; skills register;</li> <li>✓ Annual review of board effectiveness;</li> <li>✓ Board Diversity Champion;</li> <li>✓ Risk and Assurance framework;</li> <li>✓ Regulatory Compliance Reviews &amp; Rents Group;</li> <li>✓ 2020 Code of Governance/Anthony Collins Action Plan;</li> <li>✓ We have developed a succession plan.</li> <li>✓ We have developed an ESG framework</li> </ul>
<p><b>Unable to achieve the organisation's strategic objectives through our people</b>  <i>Failure to recruit, develop and retain a skilled, competent and diverse workforce, and to develop the leadership skills required to meet the organisation's changing needs, whilst maintaining a positive values-driven culture where people are engaged and committed.</i></p>	<ul style="list-style-type: none"> <li>✓ We have a People Strategy;</li> <li>✓ We have an Academy strategy;</li> <li>✓ We have a Communications Strategy;</li> <li>✓ We have a Learning &amp; Development Strategy;</li> <li>✓ In place are Consultative Committees &amp; Union recognition agreements;</li> <li>✓ Remunerations &amp; Governance Committee;</li> <li>✓ We hold exit interviews;</li> <li>✓ We have introduced a Flexible Home-Working Policy;</li> <li>✓ We champion Barretts Values having trained in house practitioners.</li> <li>✓ We are implementing a pension strategy</li> <li>✓ We have a cost of living strategy</li> </ul>
<b>CARE &amp; SUPPORT</b>	
<p><b>Inability to provide effective, compliant and viable care and support services</b>  <i>Significant breach of Regulation with CQC leading to reputational damage</i>  <i>Reduction in commissioning income leading to loss of viability</i>  <i>Retrospective payments relating to sleep-in provisions, potential review of bed rates and change in contracts.</i>  <i>A reliance on agency cover.</i></p>	<ul style="list-style-type: none"> <li>✓ We have a robust people policy;</li> <li>✓ A Quality framework has been developed;</li> <li>✓ We have a corporate care and support risk map;</li> <li>✓ Safeguarding procedures and reporting dashboard is in place;</li> <li>✓ We carry out stress testing;</li> <li>✓ We collect and monitor Care and support key performance indicators;</li> <li>✓ Review of the Monthly management accounts;</li> <li>✓ We receive quality audit reports in house;</li> <li>✓ A detailed training matrix has been developed;</li> <li>✓ We have introduced People Planner and staff KPI's.</li> </ul>

**EAST MIDLANDS HOUSING GROUP LIMITED**  
**STRATEGIC REPORT**

FOR THE YEAR ENDED 31 MARCH 2024

**Risk Management** (continued)

Risk	Our response
<b>HOUSING AND NEIGHBOURHOODS</b>	
<p><b>Assets that fails to meet statutory and/or regulatory requirements</b>  <i>Lack of investment, robust stock condition information, asset management strategy and delivery of maintenance programmes leading to deterioration of stock. Inability to meet the decarbonisation agenda, EPC level C, new Decent Homes Standard, requirements of the Fire Safety Act and Smoke and Carbon Monoxide Regulations.</i></p>	<ul style="list-style-type: none"> <li>✓ We have an Asset Disposal Strategy</li> <li>✓ We have an Asset Management Strategy;</li> <li>✓ We are undergoing stock condition surveys;</li> <li>✓ We are accessing relevant decarbonisation funding;</li> <li>✓ We are complying the smoke and carbon monoxide alarm (England) regulations;</li> <li>✓ We have a Value for Money strategy;</li> <li>✓ We have implemented a new asset management module on our housing management system.</li> </ul>
<p><b>Failure to provide affordable landlord and neighbourhood services that meet the diverse needs of our customers and communities.</b>  <i>Poor customer satisfaction levels that lead to reputational damage and higher turnover of our properties. Failure to meet the Tenant Satisfaction Measures and Consumer Standards. A lack of affordability of our homes and services impacted by the cost of living crisis.</i></p>	<ul style="list-style-type: none"> <li>✓ We performance monitor our Customer Service Centre;</li> <li>✓ We carry out tenant satisfaction surveys;</li> <li>✓ We have a Customer Services Strategy;</li> <li>✓ We monitor complaints and have reviewed our approach to these;</li> <li>✓ We have an emh homes Operational Plan;</li> <li>✓ We have reviewed and developed our approach to complaints;</li> <li>✓ We have an active scrutiny panel;</li> <li>✓ We have a cost of living strategy;</li> <li>✓ We have a quality assurance framework;</li> <li>✓ We have developed a Tenant Voice Strategy.</li> </ul>

**Internal Controls**

The Group Board is the ultimate governing body for the emh group and is committed to the highest standards of business ethics and conduct across all the operating businesses. The Group has a robust culture of internal controls. The Group’s risk management and control culture is further supported by the adoption of the National Housing Federation’s Code of Governance.

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

The Group Chief Executive and Directors have reviewed the effectiveness of the internal control and assurance arrangements and have confirmed to the Board that they all relevant regulations, policies and procedures have been complied with during the year. The Group Audit Committee has also expressed its satisfaction with these arrangements in its review of the effectiveness of internal control systems.

## EAST MIDLANDS HOUSING GROUP LIMITED STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2024

### Achievements in 2023-24

#### Financial Performance

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

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

Year ended	31 March 2024 £millions	31 March 2023 £millions
<b>INCOME AND EXPENDITURE</b>		
Turnover	147.5	130.0
Operating costs & cost of sales	(117.8)	(103.8)
Sales of other fixed assets	4.8	5.2
<b>Operating surplus</b>	<b>34.5</b>	<b>31.4</b>
<b>Operating margin</b>	<b>23%</b>	<b>24%</b>

Our operating surplus for the year was £34.5m, generating an operating margin of 23%. Whilst the surplus in year is £3m higher than the prior year the operating margin is inline with our 2023 margin as we have seen both income and costs rise proportionately as a group.

The operating surplus on our social housing lettings activities was £28.2m, £6.0m higher than in the prior year with the margin increasing from 23% to 26%. The increased unit numbers have generated some additional income the continued commitment to further invest in our maintenance service, management and estate costs is evident.

The operating surplus of £3.7m on other social housing activities is lower than the £5.5m in the previous year. Whilst first tranche sales were strong in year sales overall we at a slightly lower margin than prior year.

Our analysis of care and support income and costs has highlighted that there are continued low margins on our care activities with this area of the group the most fragile. The year end position overall was a £130k deficit. A significant improvement on the prior year. £103k of this deficit was due to pension adjustments. We continue to review our services and assets to improve our financial performance in the care and support business. In year other income streams were explored including investment of funds, disposal of unviable assets and a gift aid receipt from the group.



**EAST MIDLANDS HOUSING GROUP LIMITED**  
**STRATEGIC REPORT**

FOR THE YEAR ENDED 31 MARCH 2024

**Achievements in 2023-24** (continued)

Financial Performance (continued)

Year ended	31 March 2024 £millions	31 March 2023 £millions
<b>STATEMENT OF FINANCIAL POSITION</b>		
Housing properties less depreciation	1,090	993
Other fixed assets	18	19
<b>Total fixed assets</b>	<b>1,108</b>	<b>1,012</b>
Net current assets	46	27
Long-term loans & liabilities	(898)	(797)
<b>Net assets</b>	<b>255</b>	<b>243</b>
<b>Revenue &amp; other reserves</b>	<b>255</b>	<b>243</b>
Increase in housing property cost	9.6%	7.0%
Number of units in management	22,108	21,795
Interest cover	102%	101%
Interest cover (Including Sales)	120%	123%
Gearing	50.7%	49%

Total tangible fixed assets increased by £95m in the year predominantly due to our investment in new properties and component replacement in our existing properties including replacement kitchens, roofs, windows & doors and electrical rewire programmes. Our ongoing commitment in these areas is evident following increased spend in this area supported by Social Housing Decarbonisation Fund support.

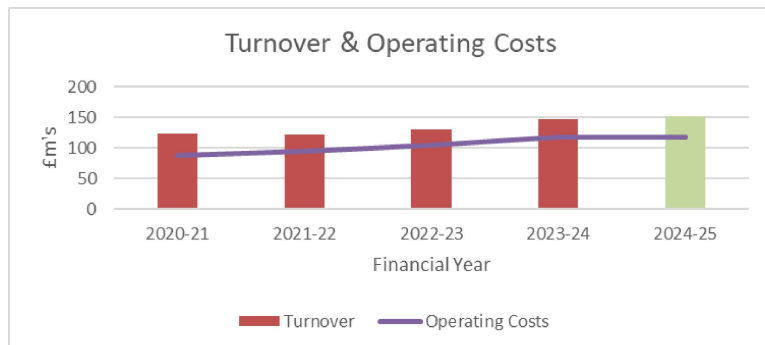
Net current assets increased in year, an increase of £19m to £46m. Cash and investment balances at £47.2m are in line with prior year whilst debtors increased to £19m and creditors decreased by £10m to £37m.

Borrowing increased from £530m to £594m. New drawn debt included £50m own name bond sold and £18m bank term facilities. emh also borrowed £74.5m from the government supported Affordable Homes Guarantee Scheme. Revolving credit facility net repayments were £60m. Loans totalling £22m were repaid. In addition, £70m of revolving credit facilities were arranged with a total of £210m available at the year end. The debt restructuring work completed this year. The objective of the restructure is to improve the headroom in the interest cover covenants by excluding the impact of major repairs which allows greater flexibility to deliver improvements to existing homes, increase on lending to fund the Group and provide additional liquidity. Our pension deficit liabilities increased during the year. There has been a small change in LGPS however there has been a significant increase in SHPS in year. The triennial review took place in September 2023 with results yet to be released. It is expected that there will be a positive movement going forward however no information on this is available and therefore cannot be recognised.

# EAST MIDLANDS HOUSING GROUP LIMITED STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2024

## Achievements in 2023-24 (continued)



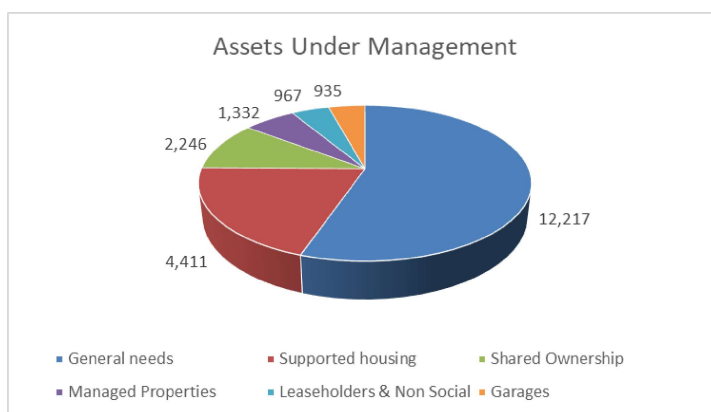
We continue to invest in our services to provide the high level of provision to our customers, maintaining our existing homes and investing in our communities.

In 2023-24 the increased expenditure exceeded income growth as we continued to invest in our services and homes as part of our ongoing commitment to our residents and service users.

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

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

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



## Development Performance

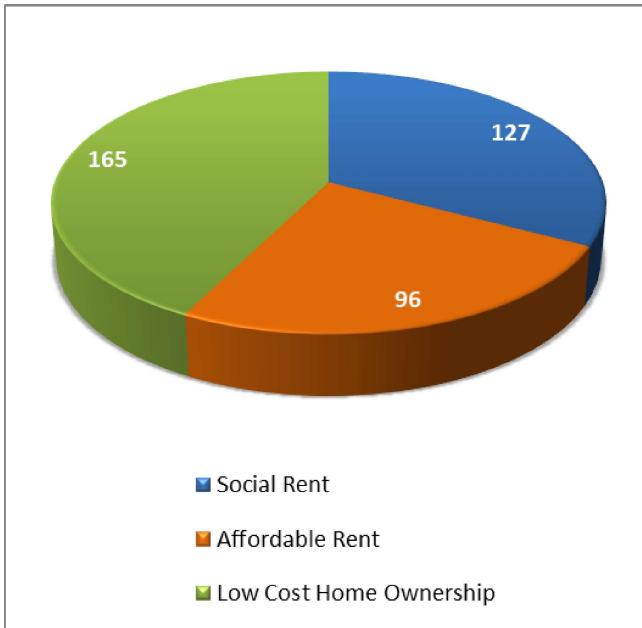
The Group lead the Quantum Development Consortium and is a strategic partner with Homes England. We recognise that housing associations have a key role to play in tackling the national housing crisis. We are coming to the latter stages of our strategic partnership, phase 1, with Homes England. Of the 951 properties in the partnership 450 have now completed with the remaining 501 on site. In year we secured a further £100k of grant, therefore receiving an overall £46.4m grant drawdown for SP1. We are well into the second phase of the partnership having been awarded a further £112m to develop 1,450. The partnership has therefore seen our development programmes escalate. Our ambitious growth targets are fully embedded in our Development Strategy, showing our commitment to increased growth. The strategy sets out our preferred tenure mix and development type to fulfil these ambitions. We are pursuing more land-led opportunities using our development company.

**EAST MIDLANDS HOUSING GROUP LIMITED  
STRATEGIC REPORT**

FOR THE YEAR ENDED 31 MARCH 2024

**Achievements in 2023-24 (continued)**

Key development achievements during the year included:

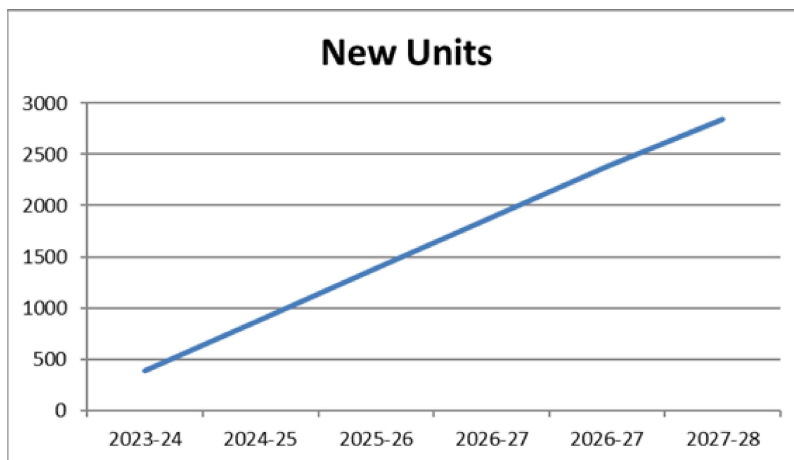


- ✓ Achieved over 75% of our targeted completions with 388 new homes being delivered on behalf of the Group, achieving annual growth of 2%;
- ✓ Developed 9 new homes for outright sale and remodelled a further 7 for temporary accommodation;
- ✓ Realised proceeds of £20.4m from shared ownership first tranche sales and £7m from other sales including asset disposals, Right to Buy, Voluntary Right to Buy and stair casing;
- ✓ We have 1,090 new homes on site which will be delivered in future years;
- ✓ Received £16.7m of grant from Homes

England including £100k for Strategic Partnership phase 1 and £16.6m of Strategic Partnership phase 2. With a further £100k for the RSAP initiative.

Our Development Schemes

We have an excellent reputation for delivering a range of tenures to meet the growing demand for affordable housing within our diverse geographical area of operation. Our commitment remains to develop up to 500 new units per year. Ongoing issues in relation to planning delays, contractor liquidity and resources has slowed our progress. However our pipeline remains strong and we are committed to delivery of new high quality homes. We are particularly proud of the following schemes completed during the year: -



- ✓ Henson Park, Whetstone – a regeneration site bringing back into use a brownfield site with support of the local district council. 77 new properties, 38 social rent and 39 shared ownership with all homes reserved off plan prior to handover;



# EAST MIDLANDS HOUSING GROUP LIMITED STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2024

## Achievements in 2023-24 (continued)



- ✓ The Depot, Littlethorpe – A rural regeneration scheme with 32 new affordable homes on a former local authority depot site. 16 social rent and 16 shared ownership with all homes reserved from plan;
- ✓ Wellingborough Road, Irthlingborough – a site in a small town in North Northamptonshire. 84 new homes with a mix of all tenures including our only market sale properties

## Treasury Management



■ Bank ■ Capital Markets

The Group's total borrowings increased in the year by £64m to £594m.

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



■ Cash ■ Committed & Secured Loan Facilities ■ Retained Bond - Secured

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

The Group had cash balances of £41.8m at the year-end including £3.5m of deposit investments. We also have access to £210m through a revolving credit facility which is all secured.

## Business Plan Objectives

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

Highlights include:-

- ✓ We achieved 74% on tenant satisfaction;
- ✓ 99.3% of our homes are decent homes compliant;
- ✓ We have developed 402 new homes in year of which 388 were added to our portfolio;
- ✓ We achieved 212 1<sup>st</sup> tranche sales in year exceeding the required margin and 9 market sales;
- ✓ We have sufficient liquidity for over 4 years;

## EAST MIDLANDS HOUSING GROUP LIMITED STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2024

### Value for Money

Delivering Value for Money (VfM) is integral to the way the Group operates and as such is overseen directly by the Group Board. During the year the Board approved a new Value for Money Strategy, aligned to the regulator's Value for Money Standard and associated Code of Practice and the Sector Scorecard. We apply the Strategy across all activities within the Group regardless of which entity operates them. Delivering efficiency savings is a key priority for the Association, and we continue to challenge processes and working practices in order that we can continue to deliver high quality service. We have undertaken an external review of key services alongside on going internal action planning to ensure we achieve Value for Money in all aspects of our undertakings.

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

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

Regulators Metrics	emh Group 2024	emh Group 2023	Trend	2023 Peer Group*
Operating margin (excl surplus on sales)	20.1%	20.2%		17%
Operating margin – social housing lettings	26.4%	23.0%		21%
EBITDA MRI % interest cover	101.7%	101.3%		120.7%
Units developed as % of unit owned	2%	2.5%		1.35%
Gearing	50.7%	49%		47%
Reinvestment %	11.9%	10.5%		7.92%
Return on capital employed	3.0%	3.0%		3%
Headline social housing unit cost	£4,173	£3,596		£4,376

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

\* Peer group comprises Housing Associations in England, both LSVT and traditional, who manage over 10,000 units. 2024 data is currently being collated and are therefore, the 2023 peer group are used for indicative purposes. Once the full peer group is available, further analysis will be undertaken.

## **EAST MIDLANDS HOUSING GROUP LIMITED**

### **STRATEGIC REPORT**

FOR THE YEAR ENDED 31 MARCH 2024

#### **Value for Money (continued)**

Our operating margin on all activities remained in line with prior year at 20.1% whilst our operating margin on social housing lettings increase by 3% to 26.4%. Our residents expectations remain high and we are investing significantly in our homes and communities however we are also establishing efficiencies where possible and this has resulted in an increased margin on all areas of social housing lettings. Our income increased at a slightly higher rate than our operating costs, most notably for our Supported Housing and Low Cost Home Ownership properties following additional costs incurred in the prior year. Challenges with staffing to provide our high level support service resulted in an increase in costs on support activities, while increased cost of sales impacted our first tranche sales activity.

Our headline social housing cost is £4,173 per unit, a significant increase of 16% on the prior year. This is as expected as we remain strongly committed to maintaining and improving our properties and are undertaking a stock condition review programme to enable us to ascertain a more detailed and precise programme of works alongside the EPC C programme. With Board support the maintenance programme grew again in 2023-24 with an increase of 51.7% per property for major repairs alone. A further increase of 5.7% was seen in responsive maintenance. This investment in our property components saw the ratio of responsive repairs to planned maintenance drop from 1.08 to just 0.76 for the first time in recent years. A positive affirmation that our significantly increased investment is a step in the right direction. Once again we saw increased costs for void properties. Whilst volumes were as expected we saw an increase in larger non capital work requirements therefore increasing our average job cost. Work is underway to establish causes of this and mitigate where possible. In year we also saw an 11% increase in our service charge costs. Our residents standards are high and the level of works we carry out in our communities reflects that. The sector continues to face many challenges and we are proud to show that we are maintaining a high level of investment in our properties and communities. Therefore, see the increase of 16% in our unit cost as a positive outcome with the investment in maintenance and major repairs, including decarbonisation works, being evident. Management costs decreased by 5% in year due to efficient management of overhead costs.

During the year we completed 388 new units, for the group, of our 500 unit target achieving circa 77% of our intended growth. This is a reduction on the volumes completed last year and is common in the sector as schemes are held in planning, contractors become less viable and competition for land increases. We maintained a strong pipeline of schemes and are on track with both our Strategic Partnerships. At the year-end we had 1,090 new homes on site which will be delivered in future years. We now own and manage over 22,000 properties as we continue to grow each year. During the year we also developed 9 properties for market sale which were purchased from plan and a further 7 properties were remodelled for temporary accommodation. In year we have drawn down additional grant on SP1 of £100k making the total grant level £46.4m whilst on SP2 we have claimed £16.6m of the £112m in year, to deliver a further 1,450 new homes in the coming years.

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

**EAST MIDLANDS HOUSING GROUP LIMITED**  
**STRATEGIC REPORT**

FOR THE YEAR ENDED 31 MARCH 2024

Value for Money (continued)

Sector Scorecard	emh Group 2024	emh Group 2023	Trend
Units developed	388	466	
Customer satisfaction with services provided by landlord	81%	81%	↔
Rent collected	99.75%	99.53%	↔
Occupancy	98.72%	98.55%	↔
Ratio of responsive repairs to planned maintenance	0.76	1.08	↑
Management cost per unit	£1,118	£1,173	↑
Services cost per unit	£556	£500	
Maintenance cost per unit	£1,208	£1,143	↓
Major repairs cost per unit	£1,113	£734	
Other social lettings cost per unit	£178	£46	↓

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

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

**EAST MIDLANDS HOUSING GROUP LIMITED  
STRATEGIC REPORT**

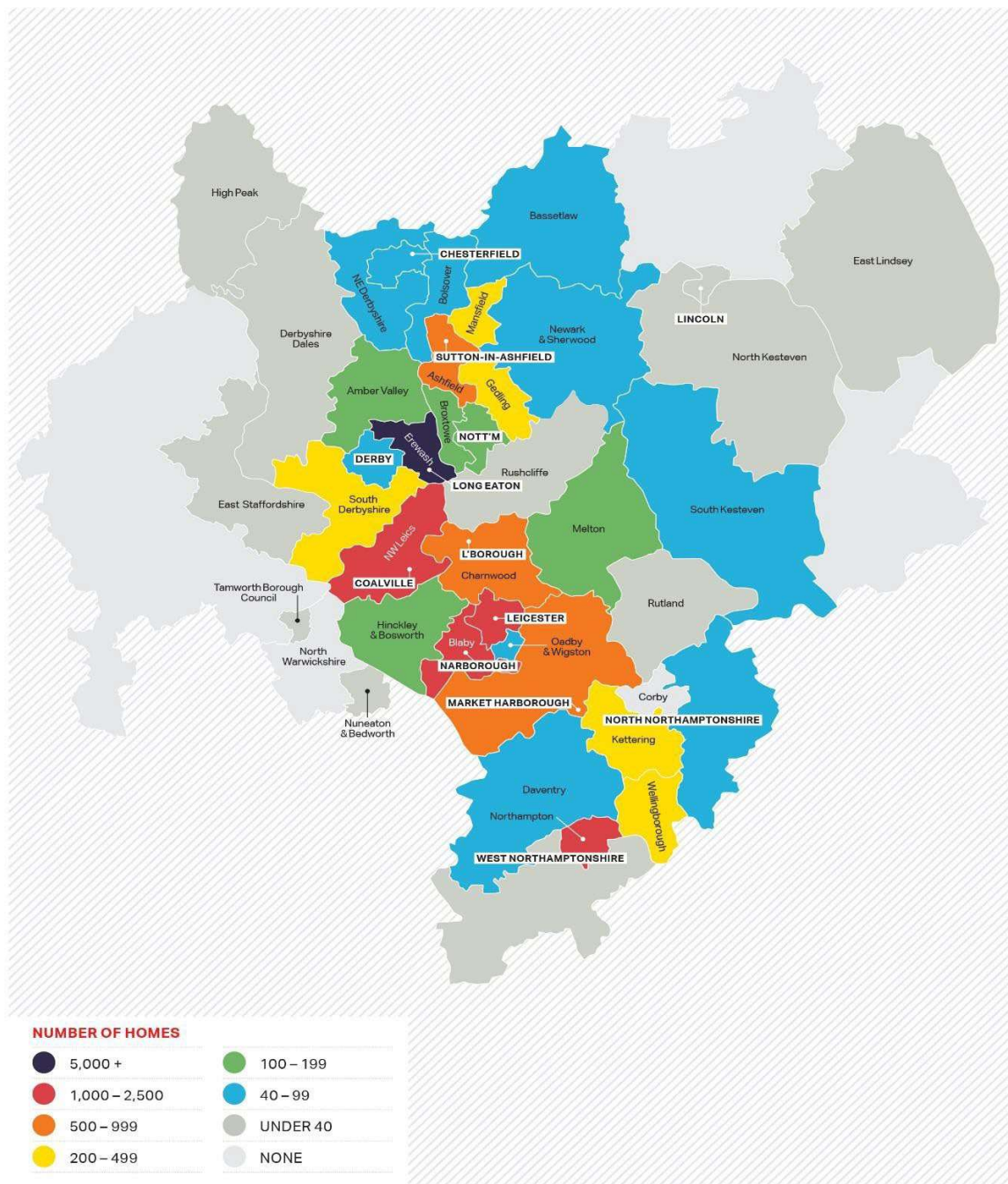
FOR THE YEAR ENDED 31 MARCH 2024

Operational Area



STOCK ACTIVITY MAP

# Homes owned across the East Midlands





## **EAST MIDLANDS HOUSING GROUP LIMITED**

### **STRATEGIC REPORT**

FOR THE YEAR ENDED 31 MARCH 2024

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

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

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

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

In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements; and
- assess the group and the association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless it either intends to liquidate the group or the association or to cease operations or has no realistic alternative but to do so.

The Board is responsible for keeping proper books of account that disclose with reasonable accuracy at any time the financial position of the association and enable them to ensure that its financial statements comply with the Co-operative and Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

It is responsible for such internal control as it determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and has general responsibility for taking such steps as are reasonably open to it to safeguard the assets of the association and to prevent and detect fraud and other irregularities.

The Board is responsible for the maintenance and integrity of the corporate and financial information included on the association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

#### **Statement of Compliance**

The Board is committed to ensuring that we comply with our legal and regulatory responsibilities, including the Modern Slavery Act 2015 to ensure that slavery and human trafficking does not exist in any part of our business or supply chain. emh Group's statement on modern slavery 2019 has been made available on our website [www.emhgroup.org.uk](http://www.emhgroup.org.uk).

# **EAST MIDLANDS HOUSING GROUP LIMITED**

## **STRATEGIC REPORT**

FOR THE YEAR ENDED 31 MARCH 2024

### **Statement of Compliance (continued)**

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

The Board also take steps to ensure that the Group adheres to the regulator's Governance and Financial Viability standard and its associated code of practice that includes adhering to all relevant law and having a thorough, accurate and up to date record of our assets and liabilities. Following this review, the Board confirms that the Group complies with the Governance and Financial Viability standard. The Group retains the highest ratings for Governance and Viability from our regulator.

On 25<sup>th</sup> 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<sup>st</sup> March 2024, the Group were compliant with GDPR and the Data Protection Act 2018.


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

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

The Board confirms that this Strategic Report has been prepared in accordance with the principles set out in the Housing SORP 2018: Statement of Recommended Practice for registered social providers.

### **Disclosure of information to auditor**

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

  
David Russell (Jul 29, 2024 16:17 GMT+1)

**DAVID RUSSELL**

*Chairman*

26 July 2024

**EAST MIDLANDS HOUSING GROUP LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO EAST MIDLANDS HOUSING GROUP LIMITED**  
**FOR THE YEAR ENDED 31 MARCH 2024**

**Opinion**

We have audited the financial statements of East Midlands Housing Group Limited (“group and the association”) for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity, Cashflow Statement, and related notes, including the accounting policies in note 2.

In our opinion the financial statements:

- give a true and fair view, in accordance with UK accounting standards, including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*, of the state of affairs of the Group and the Association’s affairs as at 31 March 2024 and of the income and expenditure of the Group and the Association for the year then ended; and
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014; and
- have been prepared in accordance with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022.

**Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (“ISAs (UK)”) and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group and the Association in accordance with, UK ethical requirements including the FRC Ethical Standard. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

**Going concern**

The Association’s board has prepared the financial statements on the going concern basis as they do not intend to liquidate the group or the association or to cease its operations, and as they have concluded that the Group and the Association’s financial position means that this is realistic. They have also concluded that there are no material uncertainties that could have cast significant doubt over its ability to continue as a going concern for at least a year from the date of approval of the financial statements (“the going concern period”).

In our evaluation of the Board’s conclusions, we considered the inherent risks to the group’s business model and analysed how those risks might affect the group and the association’s financial resources or ability to continue operations over the going concern period.

Our conclusions based on this work:

- we consider that the Board’s use of the going concern basis of accounting in the preparation of the financial statements is appropriate;
- we have not identified, and concur with the Board’s assessment that there is not, a material uncertainty related to events or conditions that, individually or collectively, may cast significant doubt on the group’s and the association’s ability to continue as a going concern for the going concern period.

However, as we cannot predict all future events or conditions and as subsequent events may result in outcomes that are inconsistent with judgements that were reasonable at the time they were made, the above conclusions are not a guarantee that the group or the association will continue in operation.

**EAST MIDLANDS HOUSING GROUP LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO EAST MIDLANDS HOUSING GROUP LIMITED**  
FOR THE YEAR ENDED 31 MARCH 2024

**Fraud and breaches of laws and regulations – ability to detect**

*Identifying and responding to risks of material misstatement due to fraud*

To identify risks of material misstatement due to fraud (“fraud risks”) we assessed events or conditions that could indicate an incentive or pressure to commit fraud or provide an opportunity to commit fraud. Our risk assessment procedures included:

- Enquiring of the Board and the audit committee as to the Association’s high-level policies and procedures to prevent and detect fraud, including the internal audit function, and the Association’s channel for “whistleblowing”, as well as whether they have knowledge of any actual, suspected or alleged fraud.
- Reading Board and audit committee minutes.
- Using analytical procedures to identify any unusual or unexpected relationships.

We communicated identified fraud risks throughout the audit team and remained alert to any indications of fraud throughout the audit.

As required by auditing standards, we perform procedures to address the risk of management override of controls, in particular the risk that management may be in a position to make inappropriate accounting entries. On this audit we do not believe there is a fraud risk related to revenue recognition because the majority of revenue streams consist of material transactions with non-complex recognition criteria.

We did not identify any additional fraud risks.

In determining the audit procedures we took into account the results of our evaluation and testing of the operating effectiveness of the Group-wide fraud risk management controls

We also performed procedures including:

- Identifying journal entries to test based on risk criteria and comparing the identified entries to supporting documentation. These included revenue, cash and borrowings transactions posted to unexpected account combinations.

*Identifying and responding to risks of material misstatement related to compliance with laws and regulations*

We identified areas of laws and regulations that could reasonably be expected to have a material effect on the financial statements from our general commercial and sector experience and through discussion with management (as required by auditing standards), and discussed with management the policies and procedures regarding compliance with laws and regulations.

We communicated identified laws and regulations throughout our team and remained alert to any indications of non-compliance throughout the audit.

**EAST MIDLANDS HOUSING GROUP LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO EAST MIDLANDS HOUSING GROUP LIMITED**  
FOR THE YEAR ENDED 31 MARCH 2024

**Fraud and breaches of laws and regulations – ability to detect** (continued)

The potential effect of these laws and regulations on the financial statements varies considerably.

Firstly, the group and association are subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related Co-operative & Community Benefit Societies Act legislation) and requirements imposed by the Regulator for Social Housing and we assessed the extent of compliance with these laws and regulations as part of our procedures on the related financial statement items.

Secondly, the group and association are subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: health and safety and data protection laws. Legislation recognising the regulated nature of the Group and association's activities. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the management and inspection of regulatory and legal correspondence, if any. Therefore, if a breach of operational regulations is not disclosed to us or evident from relevant correspondence, an audit will not detect that breach.

*Context of the ability of the audit to detect fraud or breaches of law or regulation*

Owing to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, the further removed non-compliance with laws and regulations is from the events and transactions reflected in the financial statements, the less likely the inherently limited procedures required by auditing standards would identify it.

In addition, as with any audit, there remained a higher risk of non-detection of fraud, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. Our audit procedures are designed to detect material misstatement. We are not responsible for preventing non-compliance or fraud and cannot be expected to detect non-compliance with all laws and regulations.

**Other information**

The Board are responsible for the other information, which comprises the Strategic Report. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work, we have not identified material misstatements in the other information.

**EAST MIDLANDS HOUSING GROUP LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO EAST MIDLANDS HOUSING GROUP LIMITED**  
FOR THE YEAR ENDED 31 MARCH 2024

**Matters on which we are required to report by exception**

Under the Co-operative and Community Benefit Societies Act 2014 we are required to report to you if, in our opinion:

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

We have nothing to report in these respects.

**Board's responsibilities**

As explained more fully in their statement set out on page 24, the Association's Board are responsible for: the preparation of the financial statements and for being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group and the Association or to cease operations, or have no realistic alternative but to do so.

**Auditor's responsibilities**

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

A fuller description of our responsibilities is provided on the FRC's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities).

**The purpose of our audit work and to whom we owe our responsibilities**

This report is made solely to the association in accordance with section 87 of the Co-operative and Community Benefit Societies Act 2014 and section 128 of the Housing and Regeneration Act 2008. Our audit work has been undertaken so that we might state to the association those matters we are required to state to it in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the association for our audit work, for this report, or for the opinions we have formed.



**Mark Dawson**

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

*Chartered Accountants*

One Snowhill

Snow Hill Queensway

Birmingham B4 6GH

19 August 2024

**EAST MIDLANDS HOUSING GROUP LIMITED**  
**STATEMENT OF COMPREHENSIVE INCOME**  
FOR THE YEAR ENDED 31 MARCH 2024

	Note	GROUP 2024 £000	PARENT 2024 £000	GROUP 2023 £000	PARENT 2023 £000
Turnover	3	147,489	15,202	130,015	14,308
Operating costs	3	(117,792)	(14,777)	(103,792)	(13,465)
Surplus/(deficit) on disposal of tangible fixed assets	8	4,826	-	5,203	-
<b>Operating surplus</b>	3	34,523	425	31,426	843
Interest receivable and other income	9	1,502	62	149	23
Interest payable and similar charges	10	(21,777)	-	(24,789)	-
Finance income and costs	12	109	(47)	(219)	(28)
Movement in fair value of investment properties	11	(74)	-	-	-
Donation	11	-	(480)	-	-
<b>Surplus before taxation</b>	5	14,283	(40)	6,567	838
Tax on surplus on ordinary activities	13	(73)	6	(78)	(14)
<b>Surplus for the year</b>		14,210	(34)	6,489	824
<b>Other comprehensive income</b>					
Remeasurement of Local Government Pension Schemes	28	(405)	-	3,212	-
Remeasurement of Social Housing Pension Schemes	28	(1,633)	(324)	(1,337)	(204)
Remeasurement of the Reimbursement Asset	28	541	-	(579)	-
<b>Total comprehensive income for the year</b>		12,713	(358)	7,785	620

Turnover is derived from continuing activities.

The accompanying notes form part of these financial statements.


**EAST MIDLANDS HOUSING GROUP LIMITED****STATEMENT OF FINANCIAL POSITION**

AS AT 31 MARCH 2024

		GROUP	PARENT	GROUP	PARENT
		2024	2024	2023	2023
	Note	£000	£000	£000	£000
<b>Fixed assets</b>					
Housing properties	14	1,089,605	-	993,556	-
Investment properties	11	370	-	-	-
Other tangible fixed assets	14	11,585	1,728	12,483	1,668
Investments	15	1,209	217	1,256	217
Investment in subsidiaries	16	-	93	-	93
HomeBuy loan receivable		5,047	-	5,057	-
<b>Net book value fixed assets</b>		<b>1,107,816</b>	<b>2,038</b>	<b>1,012,352</b>	<b>1,978</b>
<b>Current assets</b>					
Reimbursement Assets (due after 1 year)	28	560	-	164	-
Properties for sale and work in progress	17	16,192	-	19,471	-
Trade and other debtors (including £431k due after 1 year)	19	19,229	5,223	7,798	2,790
Investments	20	5,555	-	3,490	-
Cash and cash equivalents		41,730	2,074	43,100	1,090
<b>Total current assets</b>		<b>83,266</b>	<b>7,297</b>	<b>74,023</b>	<b>3,880</b>
<b>Creditors: amounts falling due within one year</b>	21	<b>(37,597)</b>	<b>(6,970)</b>	<b>(47,122)</b>	<b>(3,189)</b>
<b>Net current assets</b>		<b>45,669</b>	<b>327</b>	<b>26,901</b>	<b>691</b>
<b>Total assets less current liabilities</b>		<b>1,153,485</b>	<b>2,365</b>	<b>1,039,253</b>	<b>2,669</b>
<b>Creditors: amounts falling due after one year</b>	22	<b>(891,057)</b>	<b>-</b>	<b>(789,886)</b>	<b>-</b>
<b>Provisions for liabilities</b>					
Leave provision	27	(369)	(105)	(452)	(164)
Pension liability	28	(6,817)	(1,216)	(6,386)	(1,103)
<b>Net assets</b>		<b>255,242</b>	<b>1,044</b>	<b>242,529</b>	<b>1,402</b>
<b>Capital and reserves</b>					
Called up share capital	29	-	-	-	-
Restricted reserves		423	-	731	-
Revenue reserves		254,819	1,044	241,798	1,402
<b>Total funds</b>		<b>255,242</b>	<b>1,044</b>	<b>242,529</b>	<b>1,402</b>

The accompanying notes form part of these financial statements.

These financial statements were approved by the board of directors on 26 July 2024 and were signed on its behalf by:

  
David Russell (Jul 29, 2024 16:17 GMT+1)  
**DAVID RUSSELL**  
 Chairman

Chan Kataria  
Chan Kataria (Jul 29, 2024 17:31 GMT+1)  
**CHANDRAKANT KATARIA**  
 Chief Executive

J. Tilley  
J. Tilley (Jul 30, 2024 12:23 GMT+1)  
**JOANNE TILLEY**  
 Secretary



**EAST MIDLANDS HOUSING GROUP LIMITED****STATEMENT OF CHANGES IN EQUITY**

FOR THE YEAR ENDED 31 MARCH 2024

<b>GROUP</b>	<b>Called up share capital £'000</b>	<b>Revenue reserve £'000</b>	<b>Restricted reserve £'000</b>	<b>Total equity £'000</b>
Balance at 1 April 2023	-	241,798	731	242,529
<b>Total comprehensive income for the period</b>				
Surplus for the year	-	14,518	(308)	14,210
Remeasurement of Pension Schemes	-	(2,038)	-	(2,038)
Remeasurement of the Reimbursement Asset	-	541	-	541
<b>Balance at 31 March 2024</b>	-	254,819	423	255,242
Balance at 1 April 2022	-	234,002	742	234,744
<b>Total comprehensive income for the period</b>				
Surplus for the year	-	6,500	(11)	6,489
Remeasurement of Pension Schemes	-	1,875	-	1,875
Remeasurement of the Reimbursement Asset	-	(579)	-	(579)
<b>Balance at 31 March 2023</b>	-	241,798	731	242,529
<b>PARENT</b>	<b>Called up share capital £'000</b>	<b>Revenue reserve £'000</b>	<b>Restricted reserve £'000</b>	<b>Total equity £'000</b>
Balance at 1 April 2023	-	1,402	-	1,402
<b>Total comprehensive income for the period</b>				
Surplus for the year	-	(34)	-	(34)
Remeasurement of Pension Schemes	-	(324)	-	(324)
<b>Balance at 31 March 2024</b>	-	1,044	-	1,044
Balance at 1 April 2022	-	782	-	782
<b>Total comprehensive income for the period</b>				
Surplus for the year	-	824	-	824
Remeasurement of Pension Schemes	-	(204)	-	(204)
<b>Balance at 31 March 2023</b>	-	1,402	-	1,402

The accompanying notes form part of these financial statements.

**EAST MIDLANDS HOUSING GROUP LIMITED****CASHFLOW STATEMENT**

FOR THE YEAR ENDED 31 MARCH 2024

<b>GROUP</b>	<b>Note</b>	<b>2024 £'000</b>	<b>2023 £'000</b>
<b>Cashflows from operating activities</b>			
Operating surplus for the year	3	34,523	31,426
<i>Adjustments for non-cash items:</i>			
Depreciation of tangible fixed assets	13	21,004	19,783
Impairment of tangible fixed assets	13	(245)	-
Amortisation charges		1,865	936
Deferred government grants	3	(2,614)	(2,539)
Pensions costs less contributions payable	28	(913)	(1,972)
Corporation Tax		(142)	(29)
Revaluation of investment properties		(73)	-
Net book value sales of other tangible fixed assets		3,066	21,356
Decrease/(increase) in stock		3,279	(4,104)
(Increase)/decrease in trade & other debtors		(9,089)	85
Increase in trade and other creditors		7,224	2,010
Decrease in provisions and employee benefits		(84)	(261)
<b>Net cash from operating activities</b>		<b>57,801</b>	<b>66,691</b>
<b>Cashflows from investing activities</b>			
Interest received		1,524	146
Acquisition of tangible fixed assets		(110,592)	(100,041)
Proceeds from receipt of government grants		19,528	10,745
Capitalised development expenditure		(2,956)	(2,592)
Disposal of investment securities		47	292
Disposal of short term investments		(2,065)	14,925
<b>Net cash from investing activities</b>		<b>(94,514)</b>	<b>(76,525)</b>
<b>Cashflow from financing activities</b>			
Proceeds from new loan		145,542	105,089
Interest paid		(26,790)	(27,841)
Repayment of borrowings		(83,409)	(69,210)
<b>Net cash from financing activities</b>		<b>35,343</b>	<b>8,038</b>
Net change in cash and cash equivalents		(1,370)	(1,796)
Cash and cash equivalents at start of period		43,100	44,896
<b>Cash and cash equivalents at end of period</b>		<b>41,730</b>	<b>43,100</b>

The accompanying notes form part of these financial statements.

# **EAST MIDLANDS HOUSING GROUP LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2024

### **1 LEGAL STATUS**

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emh group is the trading name of East Midlands Housing Group Limited, incorporated under the Co-operative and Community Benefit Society Act 2014. The company registration number is IP030476. It is registered with The Regulator of Social Housing (registration number L4530). Its principal place of business is Memorial House, Stenson Road, Whitwick Business Park, Coalville and it is a Public Benefit Entity.

### **2 PRINCIPAL ACCOUNTING POLICIES**

---

#### **Basis of preparation**

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

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

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

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

#### **Measurement convention**

The financial statements are prepared on the historical cost basis.

#### **Basis of consolidation**

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

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

East Midlands Housing and Regeneration Limited

emh Care & Support Ltd

Sharpes Garden Services Limited

Midlands Rural Housing and Village Development Association Limited

emh Development Company Ltd

emh Treasury plc

#### **Going Concern - Group**

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

The Group prepares a 30 year business plan which is updated and approved on an annual basis. The most recent business plan was approved in June 2024 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.

**EAST MIDLANDS HOUSING GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 MARCH 2024

**2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

---

**Going Concern - Group** (continued)

The board, after reviewing the group and company budgets for 2024/25 and the group's medium term financial position as detailed in the 30-year business plan, is of the opinion that, taking account of severe but plausible downsides, the group and company have adequate resources to continue in business for the foreseeable future. In order to reach this conclusion, the Board have considered:

- the property market – budget and business plan scenarios have taken account of delays in handovers, lower numbers of property sales, reductions in sales values and potential conversion of market sale to social homes;
- Maintenance costs – budget and business plan scenarios have been modelled to take account of cost increases and delays in maintenance expenditure, with major works being phased into future years;
- Rent and service charge receivable – arrears and bad debts have been increased to allow for customer difficulties in making payments and budget and business plan scenarios to take account of potential future reductions in rents;
- Liquidity – current available cash, unutilised loan facilities of £210m and retained bonds of £50m which gives significant headroom for committed spend and other forecast cash flows that arise;
- The group's ability to withstand other adverse scenarios such as higher interest rates and number of void properties.

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

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

## **EAST MIDLANDS HOUSING GROUP LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2024

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

---

##### **Classification of financial instruments by the Group**

In accordance with FRS102.22, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

b) where the instrument will or may be settled in the Group's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Group's own equity instruments or is a derivative that will be settled by the Group's exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

##### **Basic financial instruments**

###### *Tenant arrears, trade and other debtors*

Tenants arrears, trade and other debtors are recognised initially at transaction price less attributable transaction costs. Subsequent to initial recognition they are measured at amortised costs using the effective interest method, less any impairment losses. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

###### *Trade and other creditors*

Trade and other creditors are recognised initially at transaction price plus attributable costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

###### *Interest-bearing borrowings classified as basic financial instruments*

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

## EAST MIDLANDS HOUSING GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

#### 2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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##### **Housing properties**

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

##### *Depreciation*

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

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

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

Depreciation methods, useful lives and residual values are reviewed if there is an indication of a significant changes since the last annual reporting date in the pattern by which the Group 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.

##### **Investment Properties**

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

## **EAST MIDLANDS HOUSING GROUP LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2024

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

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##### **Other tangible fixed assets**

Other tangible fixed assets include those assets with an individual value in excess of £1,000.

Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

Office furniture and equipment	10%-33%
Motor vehicles	25%
Computer equipment	25%
Improvements to occupied premises	10%
Office premises	2%

##### **Social housing grant**

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

##### **HomeBuy**

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

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

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

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

## **EAST MIDLANDS HOUSING GROUP LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2024

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

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##### **Current asset investments**

Current asset investments are stated at market value and include mark to market collateral investments and bank deposits.

##### **Cash and cash equivalents**

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

##### **Impairment excluding stocks and deferred tax assets**

*Financial assets (including trade and other debtors)*

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

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment an impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Group would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in surplus. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through surplus.

##### *Fixed Assets*

The Group's internal controls are designed to identify where the value of property, plant and equipment and work in progress as held on the Statement of Financial Position is more than the lower of cost or net realisable value. Where there is evidence of impairment, fixed assets are written down to the recoverable amount, this is likely to be the value in use of the asset based on its service potential. Where an asset is currently deemed not to be providing service potential to the group, its recoverable amount is its fair value less costs to sell. The resulting impairment loss is recognized as expenditure in income and expenditure.



## EAST MIDLANDS HOUSING GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

#### 2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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##### Employee benefits

###### Defined benefit plans

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

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

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

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

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

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

###### The Pensions Trust Social Housing Pension Scheme

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

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

## **EAST MIDLANDS HOUSING GROUP LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2024

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

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##### **Employee benefits (continued)**

###### Leicestershire County Council Pension Fund

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

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

###### Derbyshire County Council Pension Scheme

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

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

###### The NHS Pension Scheme

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

##### **Reimbursement assets**

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

##### **Termination benefits**

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

## **EAST MIDLANDS HOUSING GROUP LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2024

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

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##### **Provisions**

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

The Company recognises a provision for annual leave accrued by employees as a result of services rendered in the current period and which employees are entitled to carry forward and use within the next 12 months. The provision is measured at the salary costs for the period of absence.

##### **Taxation**

Tax on the surplus or deficit for the year comprises current tax.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the statement of financial position date, and any adjustments to tax payable in respect of previous years.

##### **Segmental Reporting**

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

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

##### **Turnover**

Turnover represents rental and service charge income receivable (net of void losses), fees receivable, proceeds from first tranche sales of low-cost home ownership and from properties developed for open market sales, and amortisation of Social Housing Grant (SHG) under the accrual model. Rental income is recognised on the execution of tenancy agreements. Proceeds on sale are recognised on practical completions. Other income is recognised as receivable on the delivery of the services provided.

**EAST MIDLANDS HOUSING GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 MARCH 2024

**2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

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**Expenses**

Operating Costs

Operating costs represent the costs and overheads associated with delivering the services rendered.

Operating leases

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Interest receivable and Interest payable

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

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

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

**VAT**

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

**Key Judgements, Estimates and Assumptions**

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

The recoverability of rent arrears and trade debtors

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

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2024

**2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

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

Impairment of property values

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

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

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

No triggers for impairment have been identified.

Value of schemes in development

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

Recoverability of Stock

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

No triggers for impairment have been identified.

Defined benefit pensions liabilities

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plan, such estimates are subject to significant uncertainty. Further details are given in Note 28.

**EAST MIDLANDS HOUSING GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2024

	Turnover	Operating costs / Cost of Sales 2024 £'000	Operating surplus/deficit	Turnover	Operating costs / Cost of Sales 2023 £'000	Operating surplus/deficit
<b>3 SOCIAL HOUSING - GROUP</b>						
<b>Social housing lettings</b>						
General needs	70,441	(52,064)	18,377	64,337	(48,353)	15,984
Supported housing and housing for older people	28,235	(23,659)	4,576	25,399	(22,603)	2,796
Low cost home ownership	8,212	(3,790)	4,422	6,874	(3,420)	3,454
	<b>106,888</b>	<b>(79,513)</b>	<b>27,375</b>	<b>96,610</b>	<b>(74,376)</b>	<b>22,234</b>
<b>Other social housing activities</b>						
Support activities	117	(564)	(447)	222	(573)	(351)
Sales of current asset properties	20,350	(16,683)	3,667	13,051	(10,476)	2,575
Other	3,527	(2,182)	1,345	3,588	(328)	3,260
	<b>23,994</b>	<b>(19,429)</b>	<b>4,565</b>	<b>16,861</b>	<b>(11,377)</b>	<b>5,484</b>
<b>Total social housing</b>	<b>130,882</b>	<b>(98,942)</b>	<b>31,940</b>	<b>113,471</b>	<b>(85,753)</b>	<b>27,718</b>
Non-social housing activities	15,794	(17,695)	(1,901)	5,296	(5,593)	(297)
Non housing activities	813	(1,155)	(342)	11,248	(12,446)	(1,198)
<b>Total</b>	<b>147,489</b>	<b>(117,792)</b>	<b>29,697</b>	<b>130,015</b>	<b>(103,792)</b>	<b>26,223</b>
Gain on disposal of tangible fixed assets			4,826			5,203
<b>Operating surplus</b>			<b>34,523</b>			<b>31,426</b>

**EAST MIDLANDS HOUSING GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
 FOR THE YEAR ENDED 31 MARCH 2024

	General needs	Supported housing and housing for older people	Low cost home ownership	2024 Total	2023 Total
	£'000	£'000	£'000	£'000	£'000
<b>3 SOCIAL HOUSING - GROUP</b>					
Rent receivable net of identifiable service charges	65,926	20,779	7,361	94,066	84,576
Service charges receivable	2,749	6,733	506	9,988	9,494
<b>Net rents receivable</b>	<b>68,675</b>	<b>27,512</b>	<b>7,867</b>	<b>104,054</b>	<b>94,070</b>
Amortised government grant	1,766	503	345	2,614	2,539
Other	-	220	-	220	1
<b>Total income from lettings</b>	<b>70,441</b>	<b>28,235</b>	<b>8,212</b>	<b>106,888</b>	<b>96,610</b>
Expenditure on lettings activities:					
Management	14,843	5,891	1,859	22,593	23,345
Services	3,962	6,619	663	11,244	9,960
Routine maintenance	14,253	6,017	14	20,284	19,408
Planned maintenance	3,002	1,069	57	4,128	3,339
Major repairs expenditure	382	105	-	487	17
Bad debts	594	273	46	913	520
Depreciation of housing properties	14,490	3,430	1,099	19,019	17,774
Other costs	538	255	52	845	13
<b>Total expenditure on lettings</b>	<b>52,064</b>	<b>23,659</b>	<b>3,790</b>	<b>79,513</b>	<b>74,376</b>
<b>Operating surplus on lettings</b>	<b>18,377</b>	<b>4,576</b>	<b>4,422</b>	<b>27,375</b>	<b>22,234</b>
Void losses	473	1,113	1	1,587	1,529

**EAST MIDLANDS HOUSING GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2024

	Turnover	Operating costs / Cost of Sales 2024 £'000	Operating surplus/ deficit	Turnover	Operating costs / Cost of Sales 2023 £'000	Operating surplus/ deficit
<b>3 SOCIAL HOUSING - PARENT</b>						
<b>Other social housing activities</b>						
Support activities	15,202	(14,777)	425	14,308	(13,465)	843
	<b>15,202</b>	<b>(14,777)</b>	<b>425</b>	<b>14,308</b>	<b>(13,465)</b>	<b>843</b>
<b>Total social housing</b>	<b>15,202</b>	<b>(14,777)</b>	<b>425</b>	<b>14,308</b>	<b>(13,465)</b>	<b>843</b>
<b>Operating surplus</b>			<b>425</b>			<b>843</b>



**EAST MIDLANDS HOUSING GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 MARCH 2024

	2024 Number	2023 Number
<b>4 HOUSING STOCK - GROUP</b>		
<b>Social housing accommodation</b>		
General needs rented	9,833	9,783
Affordable rented	2,384	2,245
Supported housing & housing for older people	4,411	4,451
Low cost home ownership	2,246	2,104
Managed on behalf of other landlords	1,332	1,320
<b>Total social housing managed</b>	<b>20,206</b>	<b>19,903</b>
<b>Non-social housing managed</b>		
Leaseholders	633	634
Freehold	255	244
Day care centres	4	4
Registered care bed spaces	47	47
Commercial	28	28
<b>Total non-social housing managed</b>	<b>967</b>	<b>957</b>
<b>Total housing stock</b>	<b>21,173</b>	<b>20,860</b>
Garages and other non-habitable units	935	935
<b>Total units managed</b>	<b>22,108</b>	<b>21,795</b>
<b>Housing units in development pipeline</b>	<b>1,090</b>	<b>1,103</b>

At 31 March 2024 the Group owned 148 units (2023: 148) which are managed by agents.

	GROUP 2024 £000	PARENT 2024 £000	GROUP 2023 £000	PARENT 2023 £000
<b>5 EXPENSES AND AUDITORS REMUNERATION</b>				
<u>Included in surplus are the following:</u>				
Depreciation of tangible fixed assets				
Housing properties	19,075	-	17,873	-
Other owned assets	1,929	670	1,910	561
Surplus/(deficit) of sale of fixed assets	4,826	-	5,203	-
Auditors' remuneration				
For the audit of the annual accounts	190	20	111	17
For other services	25	-	25	-
Operating lease payments				
Motor Vehicles	587	-	479	-
Office Equipment	12	-	-	-
Land and Buildings	89	281	247	200

**EAST MIDLANDS HOUSING GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2024

**6 STAFF NUMBER AND COSTS**

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

	<b>GROUP 2024 Number</b>	<b>PARENT 2024 Number</b>	<b>GROUP 2023 Number</b>	<b>PARENT 2023 Number</b>
Office staff	418	136	405	150
Wardens and caretakers	29	-	29	-
Care & Support Staff	330	-	415	-
Operatives	194	-	221	-
	<b>971</b>	<b>136</b>	<b>1,070</b>	<b>150</b>

The methodology for calculating staff numbers has been changed in the year to ensure consistency across emh Group and now excludes leavers.

	<b>2024 £000</b>	<b>2024 £000</b>	<b>2023 £000</b>	<b>2023 £000</b>
Staff costs for the above persons:				
Wages and salaries	33,246	6,835	31,147	6,197
Social security costs	3,089	711	3,184	720
Pension costs	2,493	489	2,307	354
Termination benefits	146	24	226	77
	<b>38,974</b>	<b>8,059</b>	<b>36,864</b>	<b>7,348</b>

**7 BOARD MEMBERS AND EXECUTIVE DIRECTORS**

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

Emoluments (including pension contributions and benefits-in-kind) paid to:				
Executive Directors	1,007	1,007	943	943
Directors and Senior Staff	3,891	2,156	3,097	1,734
Board Members	151	133	134	121
	<b>5,049</b>	<b>3,296</b>	<b>4,174</b>	<b>2,798</b>

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

The highest paid Director (the Chief Executive - Mr C Kataria)	223	223	217	217
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The Chief Executive is an ordinary member of the closed Social Housing Pension Scheme (SHPS), multi-employer defined benefit scheme and a current member of the Social Housing Pension Scheme (SHPS), multi-employer defined contribution scheme. No enhanced or special terms apply.

## EAST MIDLANDS HOUSING GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

#### 7 BOARD MEMBERS AND EXECUTIVE DIRECTORS (CONTINUED)

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

	GROUP 2024 Number	PARENT 2024 Number	GROUP 2023 Number	PARENT 2023 Number
£60k-£70k	24	14	19	10
£70k-£80k	13	6	7	2
£80k-£90k	5	4	7	5
£90k-£100k	3	1	6	5
£100k-£110k	4	4	3	2
£110k-£120k	4	2	1	-
£140k-£150k	1	1	2	2
£150k-£160k	1	1	1	1
£160k-£170k	1	1	-	-
£170k-£180k	-	-	1	1
£180k-£190k	1	1	-	-
£220k-£230k	-	-	1	1
£240k-£250k	1	1	-	-

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

	GROUP 2024 £000	PARENT 2024 £000	GROUP 2023 £000	PARENT 2023 £000
<b>8 SURPLUS ON DISPOSAL OF OTHER FIXED ASSETS</b>				
Disposal proceeds	7,199	-	11,116	-
Grant abated	187	-	1,252	-
Cost of disposals	(2,560)	-	(7,165)	-
	4,826	-	5,203	-

#### 9 INTEREST RECEIVABLE AND OTHER INCOME

Interest receivable from unlisted investments	1,502	62	149	23
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**EAST MIDLANDS HOUSING GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2024

	GROUP	PARENT	GROUP	PARENT
	2024	2024	2023	2023
	£000	£000	£000	£000
<b>10 INTEREST PAYABLE AND SIMILAR CHARGES</b>				
On bank loans, overdrafts and other loans	27,248	-	28,432	-
On pension scheme liabilities	(208)	-	-	-
Less capitalised interest	(5,263)	-	(3,643)	-
	21,777	-	24,789	-

The interest payable above includes a cost of £236k (2023: £416k) in respect of FRS102 Basic Financial Instruments amortised cost valuation method.

**11 GIFT AID PAYMENTS / DONATION**

Amounts Paid to emh Housing & Regeneration Ltd	-	(230)	-	-
Amounts Paid to emh Care & Support Ltd	-	(250)	-	-
	-	(480)	-	-

Cash payments of £230k (2023: £nil) and £250k (2023: £nil) were made in the year to the subsidiaries emh Housing & Regeneration Ltd and emh Care and Support Ltd respectively. As these are not payments upwards to a parent they are treated as a donation in the accounts.

**12 FINANCE INCOME AND COSTS**

Expected return on pension scheme assets	3,383	248	2,470	230
Interest on pension scheme liabilities	(3,274)	(295)	(2,689)	(258)
Net financing costs	109	(47)	(219)	(28)

**EAST MIDLANDS HOUSING GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2024

	GROUP	PARENT	GROUP	PARENT
	2024	2024	2023	2023
	£000	£000	£000	£000
<b>13 TAXATION</b>				
Total tax expense recognised in the income and expenditure account, other comprehensive income and equity.				
<i>Current tax</i>				
Current tax on income for the period	142	-	85	-
Adjustments in respect of prior period	(69)	(6)	(7)	14
Total current tax	73	(6)	78	14
Total tax recognised in the income and expenditure account				
	73	(6)	78	14
<b>Reconciliation of effective rate</b>				
Surplus before taxation	14,283	(40)	6,567	838
Total tax expense	73	(6)	78	14
Tax using the UK corporation tax rate of 25% (2023: 19%)	4,261	(7)	1,643	159
Charitable exemption	(3,869)	-	(1,323)	-
Non-deductible expenses	133	128	114	106
Pension contribution allowances	(51)	(50)	(10)	12
Capital allowances	(159)	(156)	(303)	(298)
Trading losses offset	127	119	20	21
Group relief	-	57	-	-
Gift aid / donation credit	(300)	(91)	(56)	-
Current tax expense included in the surplus	142	-	85	-

**EAST MIDLANDS HOUSING GROUP LIMITED**  
**NOTES TO THE FINANCIAL**  
**STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2024

**14 TANGIBLE FIXED ASSETS - GROUP**

	Housing properties					Other tangible fixed assets					
	Under construction	Social housing letting	Supported & Elderly Housing	Low cost home ownership	Non-social housing	Total housing properties	Freehold Offices	Leasehold Office	Fixtures, Fittings & Equipment	Plant and Vehicles	Total other assets
Cost	£'000's										
1 April 2023	57,675	807,575	161,999	143,062	7,117	1,177,428	9,721	942	13,005	868	24,536
Additions	107,415	-	-	-	-	107,415	41	-	2,027	-	2,068
Replacement components	(93)	17,206	4,874	8	-	21,995	-	-	-	-	-
Schemes completed in the year	(61,022)	36,979	2,267	21,782	(6)	-	-	-	-	-	-
Transfers	1,811	(1,811)	(1)	-	1	-	-	(165)	165	-	-
Transfer of sale properties to stock	(11,952)	-	-	-	-	(11,952)	-	-	-	-	(11,952)
Disposals	-	(3,411)	(1,013)	(1,554)	(268)	(6,246)	(1,668)	(698)	(130)	(51)	(2,547)
31 March 2024	93,834	856,538	168,126	163,298	6,844	1,288,640	8,094	79	15,067	817	24,057
<b>Accumulated depreciation</b>											
1 April 2023	-	133,104	36,255	9,387	2,000	180,746	3,377	289	7,578	809	12,053
Provision in the year	-	14,297	3,591	1,099	88	19,075	341	52	1,498	38	1,929
Transfers	-	(15)	-	260	-	245	-	-	-	-	-
Eliminated on disposal	-	(2,766)	(955)	(138)	(53)	(3,912)	(1,078)	(262)	(119)	(51)	(1,510)
31 March 2024	-	144,620	38,891	10,608	2,035	196,154	2,640	79	8,957	796	12,472
<b>Impairment</b>											
1 April 2023	-	1,379	-	1,430	317	3,126	-	-	-	-	-
Transfers	-	15	-	(260)	-	(245)	-	-	-	-	-
31 March 2024	-	1,394	-	1,170	317	2,881	-	-	-	-	-
<b>Net book value</b>											
31 March 2024	93,834	710,524	129,235	151,520	4,492	1,089,605	5,454	-	6,110	21	11,585
31 March 2023	57,675	673,092	125,744	132,245	4,800	993,556	6,344	653	5,427	59	12,483

**EAST MIDLANDS HOUSING GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 MARCH 2024

	<b>GROUP</b>	<b>GROUP</b>
	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>14 TANGIBLE FIXED ASSETS - GROUP (CONTINUED)</b>		
The net book value of housing properties comprises		
Freehold	1,076,739	971,722
Long leasehold	12,866	21,834
	<b>1,089,605</b>	<b>993,556</b>

Additions to housing properties includes:

Capitalised interest	5,263	3,643
(at the Group average borrowing rate)	4.75%	4.78%
Direct administration costs	2,167	2,109

There were no other fixed assets held under finance lease at the year end (2023: £nil).

Investment Properties

As at 1 April 2023	-	-
Transferred from other fixed assets	444	-
Revaluation	(74)	-
As at 31 March 2024	<b>370</b>	<b>-</b>

The investment property is a long leasehold office owned by emh Care and Support Limited that the charity no longer uses for its own purposes and has sub-let to a third party on a long term lease. The last valuation of the property was carried out at December 2023.

**EAST MIDLANDS HOUSING GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 MARCH 2024

**14 TANGIBLE FIXED ASSETS - GROUP (CONTINUED)**

	Fixtures, Fittings and Equipment £000	Total £000
<b>Other Fixed Assets - Parent</b>		
<b>Cost</b>		
1 April 2023	3,318	3,318
Additions	730	730
31 March 2024	4,048	4,048
<b>Accumulated depreciation</b>		
1 April 2023	1,650	1,650
Provision for the year	670	670
31 March 2024	2,320	2,320
<b>Net book value</b>		
31 March 2024	1,728	1,728
31 March 2023	1,668	1,668

GROUP 2024 £000	PARENT 2024 £000	GROUP 2023 £000	PARENT 2023 £000
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**15 FIXED ASSET INVESTMENTS**

	GROUP 2024 £000	PARENT 2024 £000	GROUP 2023 £000	PARENT 2023 £000
At 1 April	1,256	217	1,548	217
Transfer in year	(47)	-	(292)	-
At 31 March	1,209	217	1,256	217

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

The remaining investments are 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.



## EAST MIDLANDS HOUSING GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

#### 16 INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

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At 31 March 2024 and 1 April 2023	-	93	-	93
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The following are subsidiary undertakings of the Parent, all of which are wholly controlled:

##### Directly held

##### **East Midlands Housing & Regeneration Limited**

Registered Provider under Co-operative and Community Benefit Society Act 2014 (charitable)

##### **emh Treasury plc**

A company limited by shares for the issuance of bonds to the capital market.

##### **emh Care & Support Limited**

Company Limited by Guarantee under the Charities Commission (charitable)

##### **Sharpes Garden Services Limited**

A company limited by shares providing gardening services to the group.

##### Indirectly held

##### **Midlands Rural Housing & Village Development Limited**

Non- registered provider under Co-operative and Community Benefit Society Act 2014 (non-charitable)

##### **emh Development Company Ltd**

A company limited by shares providing design and build services to the group.

	GROUP	PARENT	GROUP	PARENT
	2024	2024	2023	2023
	£000	£000	£000	£000

#### 17 PROPERTIES FOR SALE AND WORK IN PROGRESS

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Schemes developed for shared ownership sale	1,555	-	11,026	-
Schemes in development	14,637	-	8,445	-
	16,192	-	19,471	-

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#### 18 IMPAIRMENT OF HOUSING ASSETS

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##### Housing Assets

During the year emh Group carried out a desktop review of its property portfolio and identified no triggers for impairment.

##### Stock

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

**EAST MIDLANDS HOUSING GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
FOR THE YEAR ENDED 31 MARCH 2024

	GROUP 2024 £000	PARENT 2024 £000	GROUP 2023 £000	PARENT 2023 £000
<b>19 TRADE AND OTHER DEBTORS</b>				
Current tenant arrears	4,824	-	3,733	-
Less provision for bad and doubtful debts	(2,347)	-	(2,042)	-
Former tenant arrears	1,571	-	1,157	-
Less provision for bad and doubtful debts	(1,571)	-	(1,157)	-
Trade debtors	1,265	5	1,301	-
Less provision for trade debtors	(67)	-	(128)	-
Prepayments and accrued income	15,014	1,988	4,382	1,214
Other debtors	22	1	13	-
Taxation and social security	87	-	108	20
Loan to MOR Homes (all due after 1 year)	431	431	431	431
Amounts owed by group undertakings	-	2,798	-	1,247
	19,229	5,223	7,798	2,912
Due within one year	18,798	4,792	7,367	2,481
Due after more than one year	431	431	431	431
	19,229	5,223	7,798	2,912

**20 CURRENT ASSETS INVESTMENTS**

Bank deposits	5,555	-	3,490	-
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**21 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

Loans and overdrafts (see note 23)	1,120	-	20,159	-
Trade creditors	7,351	478	10,657	600
Rent received in advance	3,937	-	4,822	-
Accruals and deferred income	24,100	2,160	10,918	757
Taxation and social security	896	339	412	-
Corporation tax	142	-	90	6
Other creditors	51	-	62	3
Pension deficit contributions (see note 28)	-	-	2	-
Amounts due to group undertakings	-	3,993	-	1,945
	37,597	6,970	47,122	3,311

**EAST MIDLANDS HOUSING GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2024

	GROUP 2024 £000	PARENT 2024 £000	GROUP 2023 £000	PARENT 2023 £000
<b>22 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR</b>				
Loans and overdrafts (see note 23)	592,727	-	509,413	-
Deferred government grants (see note 25)	287,269	-	266,115	-
Homebuy grant payable	5,046	-	5,057	-
Recycled capital grant fund (see note 26)	6,015	-	9,300	-
Pension deficit contributions (see note 28)	-	-	1	-
	891,057	-	789,886	-

**23 LOANS**

Bank loans	137,886	-	121,571	-
The Housing Finance Corporation	21,102	-	26,175	-
MOR Homes loan	37,500	-	37,500	-
Pension Insurance Corporation PLC loan	100,000	-	100,000	-
Bond finance from emh Treasury plc	297,359	-	244,326	-
	593,847	-	529,572	-

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

In one year or less	1,120	-	20,159	-
Between one and two years	4,579	-	5,620	-
Between two and five years	49,600	-	92,971	-
In more than five years	538,548	-	410,822	-
	593,847	-	529,572	-

	At 1 April 2023 £'000	Cash flows £'000	Other non-cash changes £'000	At 31 March 2024 £'000
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**24 ANALYSIS OF CHANGES IN NET DEBT**

Cash and cash equivalents	43,100	(1,370)	-	41,730
<u>Borrowings</u>				
Debt due within one year	(20,159)	20,159	(1,120)	(1,120)
Debt due after one year	(509,413)	(84,434)	1,120	(592,727)
	(529,572)	(64,275)	-	(593,847)
<b>Total Net Debt</b>	(486,472)	(65,645)	-	(552,117)

**EAST MIDLANDS HOUSING GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2024

**25 DEFERRED GOVERNMENT GRANTS - GROUP**

	<b>Social housing grant £'000</b>	<b>Other government grant £'000</b>	<b>Total £'000</b>
At 1 April 2023	251,384	14,731	266,115
Received in the year	23,084	1,502	24,586
Released to income in the year	(2,479)	(142)	(2,621)
Disposed in the year	(775)	(36)	(811)
At 31 March 2024	271,214	16,055	287,269

**26 RECYCLED CAPITAL GRANT FUND - GROUP**

	<b>Recycled capital grant fund £'000</b>
At 1 April 2023	9,300
Utilised during the year	(4,510)
Interest credited to the fund	427
Transferred to fund during the year	798
At 31 March 2024	6,015

**27 PROVISIONS**

	<b>Leave Pay £000</b>	<b>Total £000</b>
<b>GROUP</b>		
At 1 April 2023	452	452
Provisions made during the year	27	27
Provisions reversed during the year	(110)	(110)
At 31 March 2024	369	369
<b>PARENT</b>		
At 1 April 2023	164	164
Provisions reversed during the year	(59)	(59)
At 31 March 2024	105	105

The leave pay provision represents holiday balances accrued as a result of services rendered in the current period and which employees are entitled to carry forward. The provision is measured as the salary cost payable for the period of absence.

## EAST MIDLANDS HOUSING GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

#### 28 EMPLOYEE BENEFITS

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The Group operates four defined benefit pension schemes.

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

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

#### Summary of the movement on pension scheme liabilities for prior year ended 31 March 2023

	The Pensions Trust - SHPS	The Pensions Trust - Growth Plan	Leicestershire County Council	Derbyshire County Council
			£'000	
Net liability at 1 April 2022	6,495	3	-	2,793
Actuarial loss in the period charged to the income & expenditure account	197	-	150	715
Actuarial (gain) in the period charged to other comprehensive income	1,337	-	(27)	(3,185)
Contributions paid	(1,643)	(3)	(123)	(323)
Net liability at 31 March 2023	6,386	-	-	-

## **EAST MIDLANDS HOUSING GROUP LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2024

#### **28 EMPLOYEE BENEFITS (CONTINUED)**

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

##### **Scheme**

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

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

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

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

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 2023. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2024 to 28 February 2025 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.

**EAST MIDLANDS HOUSING GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2024

**28 EMPLOYEE BENEFITS (CONTINUED)****The Pensions Trust - Social Housing Pension Scheme**(continued)

<b>GROUP</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>Present values of defined benefit obligation, fair value of assets and defined benefit asset/(liability)</b>		
Fair value of plan assets	28,813	29,203
Present value of defined benefit obligation	(35,630)	(35,589)
Defined benefit (liability) to be recognised	(6,817)	(6,386)
<b>Reconciliation of opening and closing balances of the defined benefit obligation</b>		
Defined benefit obligation at start of period	35,589	53,153
Expenses	34	39
Interest expense	1,710	1,463
Actuarial losses (gains) due to scheme experience	(135)	(1,404)
Actuarial losses (gains) due to changes in demographic assumptions	(364)	(78)
Actuarial losses (gains) due to changes in financial assumptions	(345)	(16,288)
Benefits paid and expenses	(859)	(1,296)
Defined benefit obligation at end of period	35,630	35,589
<b>Reconciliation of opening and closing balances of the fair value of plan assets</b>		
Fair value of plan assets at start of period	29,203	46,658
Interest income	1,436	1,305
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(2,477)	(19,107)
Contributions by the employer	1,510	1,643
Benefits paid and expenses	(859)	(1,296)
Fair value of plan assets at end of period	28,813	29,203

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

**EAST MIDLANDS HOUSING GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2024

**28 EMPLOYEE BENEFITS (CONTINUED)****The Pensions Trust - Social Housing Pension Scheme**(continued)

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<b>Defined benefit costs recognised in statement of comprehensive income (SOCl)</b>		
Expenses	34	39
Net interest expense	274	158
Defined benefit costs recognised in statement of comprehensive income (SoCl)	308	197
<b>Defined benefit costs recognised in other comprehensive income</b>		
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(2,477)	(19,107)
Experience gains and losses arising on the plan liabilities - (loss)/gain	135	1,404
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - (loss)/gain	364	78
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - (loss)/gain	345	16,288
Total amount recognised in other comprehensive income - gain (loss)	(1,633)	(1,337)
<b>Assets</b>		
Global Equity	2,871	545
Absolute Return	1,125	316
Distressed Opportunities	1,016	885
Credit Relative Value	944	1,102
Alternative Risk Premia	914	54
Emerging Markets Debt	373	156
Risk Sharing	1,687	2,150
Insurance-Linked Securities	149	737
Property	1,156	1,257
Infrastructure	2,910	3,336
Private Equity	23	-
Private Debt	1,134	1,299
Opportunistic Illiquid Credit	1,126	1,250
High Yield	4	102
Opportunistic Credit	-	1
Cash	567	210
Long Lease Property	187	881
Secured Income	861	1,340
Liability Driven Investment	11,727	13,451
Currency Hedging	(11)	56
Net Current Assets	50	75
Total assets	28,813	29,203

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.



**EAST MIDLANDS HOUSING GROUP LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2024

**28 EMPLOYEE BENEFITS (CONTINUED)**

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

(continued)

**Key Assumptions**

	<b>2024</b>	<b>2023</b>
	<b>% per</b>	<b>% per</b>
	<b>annum</b>	<b>annum</b>
Discount Rate	4.90	4.85
Inflation (RPI)	3.14	3.18
Inflation (CPI)	2.78	2.78
Salary Growth	3.78	3.78
	75% of	75% of
Allowance for commutation of pension for cash at retirement	maximum allowance	maximum allowance

At 31st March 2024, the discount rate model was updated from "The Mercer Yield Curve - without options" to "The Mercer Yield Curve - expanded dataset". A key difference is that the revised model uses extra high quality corporate bond data, resulting in an assumption that is less volatile and more in line with other market curves.

The mortality assumptions adopted at 31 March 2024 imply the following life expectancies:

	<b>Life expectancy at age 65 (Years)</b>
Male retiring in 2024	20.5
Female retiring in 2024	23.0
Male retiring in 2044	21.8
Female retiring in 2044	24.4

The Group expects to contribute £1,728k to the scheme in the period to 31 March 2025.

We were notified in 2021 by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items, and this process is ongoing with it being unlikely to be resolved before the end of 2025 at the earliest. It is estimated that this could potentially increase the value of the full Scheme liabilities by £155m. We note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.

## EAST MIDLANDS HOUSING GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

#### 28 EMPLOYEE BENEFITS (CONTINUED)

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##### Reimbursement Asset

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

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

	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
At 1st April	164	882
Payment received	(145)	(139)
Change in debtor	541	(579)
At 31st March	560	164
<u>Split to Rural Housing Associations</u>		
Warwickshire Rural Housing Association	208	60
Northampton Rural Housing Association	220	65
Peak District Rural Housing Association	101	30
Leicestershire Rural Housing Association	31	9
Total pension debtor	560	164
<u>Movement in the year included in Other Comprehensive Income - Remeasurement of Social Housing Pension Scheme</u>		
Change in Debtor	(541)	(579)
	(541)	(579)

**EAST MIDLANDS HOUSING GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2024

**28 EMPLOYEE BENEFITS (CONTINUED)****The Pensions Trust - Social Housing Pension Scheme**(continued)

	2024	2023
<b>PARENT</b>		
<b>Present values of defined benefit obligation, fair value of assets and defined benefit asset/(liability)</b>		
Fair value of plan assets	5,041	5,041
Present value of defined benefit obligation	(6,257)	(6,144)
Defined benefit (liability) to be recognised	(1,216)	(1,103)
<b>Reconciliation of opening and closing balances of the defined benefit obligation</b>		
Defined benefit obligation at start of period	6,144	9,424
Expenses	7	9
Interest expense	295	258
Actuarial losses (gains) due to scheme experience	90	(323)
Actuarial losses (gains) due to changes in demographic assumptions	(62)	(13)
Actuarial losses (gains) due to changes in financial assumptions	(61)	(2,895)
Benefits paid and expenses	(156)	(316)
Defined benefit obligation at end of period	6,257	6,144
<b>Reconciliation of opening and closing balances of the fair value of plan assets</b>		
Fair value of plan assets at start of period	5,041	8,270
Interest income	248	230
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(357)	(3,435)
Contributions by the employer	265	292
Benefits paid and expenses	(156)	(316)
Fair value of plan assets at end of period	5,041	5,041
The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2023 to 31 March 2024 was (£109,000).		
	<b>£'000</b>	<b>£'000</b>
<b>Defined benefit costs recognised in statement of comprehensive income (SoCI)</b>		
Expenses	7	9
Net interest expense	47	28
Defined benefit costs recognised in statement of comprehensive income (SoCI)	54	37

**EAST MIDLANDS HOUSING GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2024

**28 EMPLOYEE BENEFITS (CONTINUED)****The Pensions Trust - Social Housing Pension Scheme**(continued)**Defined benefit costs recognised in other comprehensive income**

Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)

(357) (3,435)

Experience gains and losses arising on the plan liabilities - (loss)/gain

(90) 323

Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - (loss)/gain

62 13

Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - (loss)/gain

61 2,895

Total amount recognised in other comprehensive income - (loss)/gain

(324) (204)

**Assets**

Global Equity

502 94

Absolute Return

197 55

Distressed Opportunities

178 153

Credit Relative Value

165 190

Alternative Risk Premia

160 9

Emerging Markets Debt

65 27

Risk Sharing

295 371

Insurance-Linked Securities

26 127

Property

202 217

Infrastructure

509 576

Private Equity

4 -

Private Debt

198 224

Opportunistic Illiquid Credit

197 216

High Yield

1 18

Cash

99 36

Long Lease Property

33 152

Secured Income

151 231

Liability Driven Investment

2,052 2,322

Currency Hedging

(2) 10

Net Current Assets

9 13

Total assets

5,041 5,041

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

## EAST MIDLANDS HOUSING GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

#### 28 EMPLOYEE BENEFITS (CONTINUED)

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

(continued)

##### Key Assumptions

	<b>2024</b>	<b>2023</b>
	<b>% per</b>	<b>% per</b>
	<b>annum</b>	<b>annum</b>
Discount Rate	4.91	4.85
Inflation (RPI)	3.12	3.18
Inflation (CPI)	2.79	2.78
Salary Growth	3.79	3.78
	75% of	75% of
	maximum	maximum
Allowance for commutation of pension for cash at retirement	allowance	allowance

At 31st March 2024, the discount rate model was updated from "The Mercer Yield Curve - without options" to "The Mercer Yield Curve - expanded dataset". A key difference is that the revised model uses extra high quality corporate bond data, resulting in an assumption that is less volatile and more in line with other market curves.

The mortality assumptions adopted at 31 March 2024 imply the following life expectancies:

	<b>Life</b>
	<b>expectancy</b>
	<b>at age 65</b>
	<b>(Years)</b>
Male retiring in 2024	20.5
Female retiring in 2024	23.0
Male retiring in 2044	21.8
Female retiring in 2044	24.4

The Association expects to contribute £304k to the scheme in the period to 31 March 2025.

We were notified in 2021 by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee is seeking clarification from the Court on these items, and this process is ongoing with it being unlikely to be resolved before the end of 2025 at the earliest. It is estimated that this could potentially increase the value of the full Scheme liabilities by £155m. We note that this estimate has been calculated as at 30 September 2022 on the Scheme's Technical Provisions basis. Until the Court direction is received, it is unknown whether the full (or any) increase in liabilities will apply and therefore, in line with the prior year, no adjustment has been made in these financial statements in respect of this.

## EAST MIDLANDS HOUSING GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

#### 28 EMPLOYEE BENEFITS (CONTINUED)

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##### The Pensions Trust - The Growth Plan

The company participates in the scheme, a multi-employer scheme which provides benefits to some 638 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the company to obtain sufficient information to enable it to account for the scheme as a defined benefit scheme. Therefore it accounts for the scheme as a defined contribution scheme.

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

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

A full actuarial valuation for the scheme was carried out at 30 September 2020. This valuation showed assets of £800.3m, liabilities of £831.9m and a deficit of £31.6m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

##### *Deficit contributions*

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	£3.312m per annum
From 1 April 2022 to 31 January 2025:	(payable monthly)

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Unless a concession has been agreed with the Trustee the term to 31 January 2025 applies.

Note that the scheme's previous valuation was carried out with an effective date of 30 September 2017. This valuation showed assets of £794.9m, liabilities of £926.4m and a deficit of £131.55m. To eliminate this funding shortfall, the Trustee has asked the participating employers to pay additional contributions to the scheme as follows:

##### *Deficit contributions*

---

	£11.243m per annum
From 1 April 2019 to 30 September 2025:	(payable monthly and increasing by 3.0% each year on 1 April)

---

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.

**EAST MIDLANDS HOUSING GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2024

**28 EMPLOYEE BENEFITS (CONTINUED)****The Pensions Trust - The Growth Plan (continued)**

<b>GROUP</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>
<u>Present Value of provision</u>		
Present value of provision at period end	-	3
-		
<u>Reconciliation of opening and closing provisions</u>		
Provision at start of period	3	3
Deficit contribution paid	(3)	-
Provision at the end of period	-	3
<u>Assumptions - Group</u>		
Rate of discount per annum	5.31%	4.46%

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

**Local government pension schemes**

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

	<b>Leicestershire County</b>		<b>Derbyshire County Council</b>	
	<b>Council</b>			<b>Council</b>
	<b>2024</b>	<b>2023</b>	<b>2024</b>	<b>2023</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Fair value of employer assets	8,324	7,581	36,112	33,787
Present value of funded liabilities	(4,645)	(4,651)	(28,703)	(28,618)
Net underfunding in funded plans	3,679	2,930	7,409	5,169
Present value of unfunded liabilities	-	-	(54)	(54)
Restriction of pension fund surplus	(3,679)	(2,930)	(7,355)	(5,115)
Net (liability)	-	-	-	-

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

**EAST MIDLANDS HOUSING GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2024

**28 EMPLOYEE BENEFITS (CONTINUED)****Local government pension schemes (continued)**

	Leicestershire County Council		Derbyshire County Council	
	2024 £'000	2023 £'000	2024 £'000	2023 £'000
<b>Reconciliation of defined benefit obligations</b>				
Opening value of funded liabilities	4,651	6,971	28,618	38,663
Opening value of unfunded liabilities	-	-	54	65
Current service cost	86	168	302	573
Past service cost (including curtailments)	-	-	91	63
Interest cost on obligations	220	189	1,344	1,037
Members contributions	23	24	84	85
Benefits paid	(140)	(89)	(1,232)	(1,295)
Unfunded benefits paid	-	-	(4)	(4)
Changes in financial assumptions	(294)	(2,755)	(1,212)	(12,460)
Changes in demographic assumptions	(27)	(41)	(183)	(248)
Other experience	126	184	895	2,193
Closing value of funded liabilities	4,645	4,651	28,703	28,618
Closing value of unfunded liabilities	-	-	54	54
<b>Reconciliation of fair value of plan assets</b>				
Opening fair value of plan assets	7,581	7,632	33,787	35,935
Interest on assets	360	207	1,587	958
Members contributions	23	24	84	85
Employers contributions	127	123	370	319
Benefits paid	(140)	(89)	(1,232)	(1,295)
Unfunded benefits paid	-	-	(4)	(4)
Contributions in respect of unfunded benefits paid	-	-	4	4
Other experience	-	(15)	-	(238)
Return on assets excluding net interest	373	(301)	1,516	(1,977)
Closing fair value of plan assets	8,324	7,581	36,112	33,787
<b>Expenses recognised in the income and expenditure account</b>				
Current service cost	86	168	302	573
Past service cost (including curtailments)	-	-	91	63
Interest cost	(140)	(18)	(243)	79
Total pension costs recognised in the income and expenditure account	(54)	150	150	715



**EAST MIDLANDS HOUSING GROUP LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2024

**28 EMPLOYEE BENEFITS (CONTINUED)****Local government pension schemes (continued)**

	Leicestershire County Council		Derbyshire County Council	
	2024	2023	2024	2023
<b>Amounts recognised in other comprehensive income</b>				
Changes in financial assumptions	(294)	(2,755)	(1,212)	(12,460)
Changes in demographic assumptions	(27)	(41)	(183)	(248)
Other experience	126	199	895	2,431
Return on assets excluding interest	(373)	301	(1,516)	1,977
Restriction of pension fund surplus	749	2,269	2,240	5,115
<b>Total amounts recognised in other comprehensive income</b>	<b>181</b>	<b>(27)</b>	<b>224</b>	<b>(3,185)</b>

<b>Reconciliation of the effect of the restriction on pension fund surplus</b>				
Net asset ceiling at 1 April	2,930	661	5,115	-
Restriction of pension fund surplus	749	2,269	2,240	5,115
<b>Net asset ceiling at 31 March</b>	<b>3,679</b>	<b>2,930</b>	<b>7,355</b>	<b>5,115</b>

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

Equities	50%	56%	66%	66%
Bonds	36%	34%	23%	23%
Property	6%	7%	7%	8%
Cash	8%	3%	4%	3%
	<b>100%</b>	<b>100%</b>	<b>100%</b>	<b>100%</b>

Principal actuarial assumptions at the year-end were as follows:

Inflation/pension increase rate	2.75%	2.95%	2.80%	3.00%
Salary increase rate	3.25%	3.45%	3.80%	4.00%
Discount rate	4.85%	4.75%	4.80%	4.75%

Life expectancy is based on the Fund's VitaCurves with improvements in line with the CMI 2022 model, with a 25% weighting of 2022 (and 2020) data, a 0% weighting of 2021 (and 2020) data, standard smoothing (Sk7), initial adjustment of 0.25% and a long term rate of improvement of 1.5% p.a for both males and females. Based on these assumptions, the average future life expectancies at age 65 are summarised below:

	Male	Female	Male	Female
	Years		Years	
Current pensioners	20.1	24.3	20.8	23.8
Future pensioners	21.2	25.5	21.6	25.3

## EAST MIDLANDS HOUSING GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

#### 28 EMPLOYEE BENEFITS (CONTINUED)

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

The last full actuarial valuation of the both the Derbyshire County Council scheme and the Leicestershire County Council scheme were performed on 31 March 2022. The Association expects to contribute £350,000 to the Derbyshire County Council scheme and £127,000 to the Leicestershire County Council scheme in the period to 31 March 2025.

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

	Leicestershire County Council		Derbyshire County Council	
	Approx. % increase to employer liability	Approx. monetary amount (£'000)	Approx. % increase to employer liability	Approx. monetary amount (£'000)
<b>Change in assumptions at 31 March 2024</b>				
0.1% decrease in real discount rate	2%	94	2%	470
1 year increase in member life expectancy	4%	186	4%	1,150
0.1% increase in salary increase rate	0%	7	0%	22
0.1% increase in pension increase rate (CPI)	2%	88	2%	455

#### 29 CALLED UP SHARE CAPITAL

At 31 March 2024, the Group had 7 ordinary shares (2023: 7) in issue, with each share having a nominal value of £1. The shares have no rights to dividends nor to any share of the assets of the Group in the event of it ceasing to operate.

	GROUP	PARENT	GROUP	PARENT
	2024	2024	2023	2023
	£000	£000	£000	£000

#### 30 OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

Less than one year	1,121	281	1,011	-
Between one and five years	3,118	281	3,123	-
	4,239	562	4,134	-

During the year the group recognised £1,095k (2023: £726k) and the parent recognised £281k (2023: £141k) as an expense in the income and expenditure account in respect of operating leases.

## EAST MIDLANDS HOUSING GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

	GROUP	PARENT	GROUP	PARENT
	2024	2024	2023	2023
	£000	£000	£000	£000

#### 31 CAPITAL COMMITMENTS

Capital expenditure that has been contracted for but has not been provided for in the financial statements

102,805	-	153,990	-
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##### Sources of Funding

Government Grants	60,021	-	47,276	-
Working Capital	28,186	-	29,335	-
Secured & Available Facilities	14,598	-	77,379	-

Capital expenditure that has been authorised by the Board of Management but has yet been contracted for

99,411	-	58,606	-
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##### Sources of Funding

Government Grants	-	-	45,933	-
Secured & Available Facilities	99,411	-	12,673	-

#### 32 RELATED PARTY TRANSACTIONS

Within the boards of the Group, there were no board members or shareholders at 31 March 2024 who were tenants of the Association during the year. Tenant Board and committee members are charged and required to pay rent on standard terms.

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

	PARENT	PARENT
	2024	2023
	£000	£000

##### Sales to:

emh Housing & Regeneration Limited	13,142	12,575
emh Care & Support Ltd	1,282	1,167
Sharpes Garden Services Ltd	7	6
emh Development Company Ltd	771	475

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

## EAST MIDLANDS HOUSING GROUP LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2024

GROUP	PARENT	GROUP	PARENT
2024	2024	2023	2023
£000	£000	£000	£000

#### 32 RELATED PARTY TRANSACTIONS (CONTINUED)

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##### Purchases from:

emh Housing & Regeneration Limited	281	200
Sharpes Garden Services Ltd	1	-

Purchases from emh Housing and Regeneration are rental charges for an office building. These charges are made at an arm's length commercial rate. Purchases from Sharpes Garden Services are provision of gardening services and contract management services, these charges are made at an arm's length commercial rate.

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

##### Debtors

emh Housing & Regeneration Limited	1,447	-
emh Care & Support Limited	60	50
Midlands Rural Housing	136	(17)
emh Sharpes	91	47
emh Development Company Ltd	16	16
emh Treasury plc	1,048	1,029

##### Creditors

emh Housing & Regeneration Limited	3,927	1,823
emh Care & Support Limited	4	-
Midlands Rural Housing	62	-