

Midlands Rural Housing and Village Development Association Limited

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2023

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED

ASSOCIATION INFORMATION

FOR THE YEAR ENDED 31 MARCH 2023

BOARD MEMBERS

David Frederickson – Chair

Reg Ward (*stood down December 2022*)
Bradley Swingler (*resigned November 2022*)
Derek Harvey
Chris Lambert (*appointed December 2022*)
Joanne Tilley

PRINCIPAL BANKER

Barclays Bank Plc

Leicester
Leicestershire
LE87 2BB

AUDITOR

KPMG LLP

One Snow Hill
Snowhill Queensway
Birmingham
B4 6GH

SECRETARY AND REGISTERED HEAD OFFICE

Joanne Tilley

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

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED

ANNUAL REPORT OF THE BOARD OF MANAGEMENT

FOR THE YEAR ENDED 31 MARCH 2023

Review of the Year

Your Board of Management have pleasure in presenting their report covering the activities of the Association for the 12 months ended 31 March 2023.

While the operating environment has been increasingly challenging, our objective of providing housing for people in rural communities who are unable to purchase or rent a home at existing market levels continues to be delivered.

Partnership working remains crucial to delivering our business aims, and we continue to support direct provision via our partner Rural Housing Associations (Peak District Rural Housing Association Limited, Warwickshire Rural Housing Association Limited, Northamptonshire Rural Housing Association Limited and Leicestershire Rural Housing Association Limited). All continue to demonstrate high levels of management performance, and service delivery throughout the period. Their business plan targets and their growth aspirations have also been achieved, and financial viability has been maintained.

Our specialist knowledge and expertise continues to be recognised by other organisations and agencies. Alongside this, we have continued to lobby for ongoing support for affordable rural housing at the National and Local level. We continue to contribute to the work of the National Rural Housing Alliance, and the National Housing Federation, and respond to Government consultations in respect of policy developments. Moving forward, this engagement will continue, and remain increasingly vital, if we are to influence the operating environment for the benefit of the business.

We have continued to facilitate and promote our expertise in respect of rural housing enabling activity and have continued to deliver on our contract as the rural enabling partner for Leicestershire. This has been supplemented by work we have undertaken for other partners, particularly Housing Associations, Local Authorities and Neighbourhood Plan groups. We have also taken the opportunity to expand our enabling work outside our traditional boundaries, particularly in the West Midlands. All of these add to the positive standing of the Association and enhance our reputation as a primary point of engagement on rural housing matters.

This activity has, again, generated additional income to strengthen our financial position, and is further recognition of the specialist knowledge and expertise of the Association. Our activities have continued to contribute to the diverse nature of the EMH Group, and we have been actively involved in the development and management of projects for emh homes.

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED

ANNUAL REPORT OF THE BOARD OF MANAGEMENT

FOR THE YEAR ENDED 31 MARCH 2023

Going Concern and Risk

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 2023 by the Board. As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure. The corporate risk map forms the basis of the annual stress-tests undertaken with any mitigating actions identified in the Recovery plan.

The board, after reviewing the group and Association budgets for 2023/24 and the group's medium-term financial position as detailed in the 30-year business plan including changes arising from possible risks, is of the opinion that, taking account of severe but plausible downsides, the group and Association have adequate resources to continue in business for the foreseeable future.

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.

Board Membership, remuneration and attendance

| Name | Remuneration | Board Meeting Attendance |
|------------------------------------|-------------------------------------|--------------------------|
| David Frederickson Chair | £3,771 | 3/4 |
| Reg Ward** | £Nil | 0/3 |
| Bradley Swingler* | £Nil | 2/3 |
| Derek Harvey | £Nil | 4/4 |
| Chris Lambert*** | £Nil | 1/1 |
| Joanne Tilley | Parent Nominee Paid by emh group | 4/4 |

*Resigned as a trustee in November 2022 **Resigned as a trustee in December 2022 ***Joined as a trustee in December 2022

On behalf of the Board of Management

David Frederickson

[David Frederickson \(Sep 11, 2023 10:25 GMT+1\)](#)

David Frederickson

Chair

28 July 2023

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED STATEMENT OF BOARD'S RESPONSIBILITIES IN RESPECT OF THE BOARD'S REPORT AND THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

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

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

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

In preparing the Association financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- assess 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 they either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

The directors are 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. They are responsible for 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, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Association and to prevent and detect fraud and other irregularities.

The directors are 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.

On behalf of the Board of Management

David Frederickson

David Frederickson (Sep 11, 2023 10:25 GMT+1)

David Frederickson
Chair

28 July 2023

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED STATEMENT OF INTERNAL CONTROLS ASSURANCE

FOR THE YEAR ENDED 31 MARCH 2023

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

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

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

On behalf of the Board of Management


[J.Tilley \(Sep 11, 2023 10:26 GMT+1\)](#)

Joanne Tilley
Company Secretary

28 July 2023

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED INDEPENDENT AUDITOR'S REPORT TO MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED

FOR THE YEAR ENDED 31 MARCH 2023

Opinion

We have audited the financial statements of Midlands Rural Housing and Village Development Association Limited ("the Association") for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity 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 the Association's affairs as at 31 March 2023 and of the income and expenditure of the Association for the year then ended; and
- comply with the requirements of the Co-operative and Community Benefit Societies Act 2014.

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 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 association or to cease its operations, and as they have concluded that 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 association's business model and analysed how those risks might affect 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 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 association will continue in operation.

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO MIDLANDS RURAL HOUSING AND VILLAGE
DEVELOPMENT ASSOCIATION LIMITED

FOR THE YEAR ENDED 31 MARCH 2023

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, 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 are routine 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 association-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 journals posted to unusual account combinations, journals posted to seldom used accounts and unexpected expenditure journals at period end.

**MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED
INDEPENDENT AUDITOR'S REPORT TO MIDLANDS RURAL HOUSING AND VILLAGE
DEVELOPMENT ASSOCIATION LIMITED**

FOR THE YEAR ENDED 31 MARCH 2023

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

Identifying and responding to risks of material misstatement due to non-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

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

The association is subject to laws and regulations that directly affect the financial statements including financial reporting legislation (including related Co-operative and 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.

Whilst the Association is subject to many other laws and regulations, we did not identify any others where the consequences of non-compliance alone could have a material effect on amounts or disclosures in the financial statements.

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 Association's Board are responsible for the other information, which comprises the Annual Report of the Board. Our opinion on the financial statements does not cover that report and we do not express an audit opinion 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 Annual report;
- in our opinion the information given in that report for the financial year is consistent with the financial statements; and
- in our opinion that report has been prepared in accordance with the Co-operative and Community Benefit Societies Act 2014.

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED INDEPENDENT AUDITOR'S REPORT TO MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED

FOR THE YEAR ENDED 31 MARCH 2023

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 its 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 require 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 5, 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 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 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.

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.



Victoria Sewell (Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Suite 23

BLOCK

Royal William Yard

Plymouth

PL1 3RP

Sep 15, 2023

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED
PROFIT AND LOSS ACCOUNT AND OTHER COMPREHENSIVE INCOME
 FOR THE YEAR ENDED 31 MARCH 2023

| | Note | 2023 £ | 2022 £ |
|---|------|-----------|-----------|
| Turnover | 3 | 448,965 | 438,719 |
| Recharges/(distributions) from/to Rural Housing Associations | 3 | 569,626 | (896,330) |
| Operating costs | 3 | (442,314) | (404,995) |
| Loss on disposal of fixed assets | | (0) | (335) |
| Operating surplus/(deficit) | 3 | 576,277 | (862,941) |
| Interest payable and similar charges | 8 | (1) | 365 |
| Finance income and costs | 9 | (12,000) | (29,000) |
| Surplus/(deficit) on ordinary activities before taxation | 4 | 564,276 | (891,576) |
| Tax on Surplus on ordinary activities | 10 | (85,346) | - |
| Surplus/(deficit) for the year | | 478,930 | (891,576) |
| Other comprehensive income | | | |
| Remeasurement of the Social Housing Pension Scheme | 15 | (195,000) | 756,000 |
| Remeasurement of the Reimbursement Asset | 15 | (579,150) | 454,353 |
| Total comprehensive income for the year | | (295,220) | 318,777 |

Turnover is derived from continuing activities.

The accompanying notes form part of these financial statements.

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED
STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2023

| | Note | 2023 £ | 2022 £ |
|---|------|-----------|-------------|
| Tangible fixed assets | | - | - |
| Current assets | | | |
| Reimbursement assets (including £72,820 due after 1 year) | 15 | 164,490 | 881,700 |
| Trade and other debtors | 11 | 896,647 | 134,448 |
| Cash and cash equivalents | | 90,540 | 956,677 |
| Total current assets | | 1,151,677 | 1,972,825 |
| Creditors: amounts falling due within one year | 12 | (761,390) | (1,320,745) |
| Net current assets | | 390,287 | 652,080 |
| Total assets less current liabilities | | 390,287 | 652,080 |
| Creditors: amounts falling due after one year | 13 | (78) | (180) |
| Provisions for liabilities | | | |
| Other provisions | 14 | (11,454) | (20,925) |
| Pension liability | 15 | (560,000) | (517,000) |
| Net (liabilities)/assets | | (181,245) | 113,975 |
| Capital and reserves | | | |
| Called up share capital | 16 | 5 | 5 |
| Revenue reserves | | (181,250) | 113,970 |
| Total funds | | (181,245) | 113,975 |

The accompanying notes form part of these financial statements.

These financial statements were approved by the board of directors on 28 July 2023 and were signed on its behalf by:

David Frederickson

David Frederickson (Sep 11, 2023 10:25 GMT+1)

David Frederickson

Chair

Chris Lambert

Christopher D Lambert (Sep 11, 2023 13:21 GMT+1)

Chris Lambert

Board Member

Joanne Tilley

J.Tilley (Sep 11, 2023 10:26 GMT+1)

Joanne Tilley

Secretary

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED
STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2023

| | Called up share capital £ | Revenue reserve £ | Total equity £ |
|--|------------------------------------|-------------------------|----------------------|
| Balance at 1 April 2022 | 5 | 113,970 | 113,975 |
| Total comprehensive income for the period | | | |
| Surplus for the year | - | 478,930 | 478,930 |
| Remeasurement of Pension Schemes | - | (195,000) | (195,000) |
| Remeasurement of the Reimbursement Asset | - | (579,150) | (579,150) |
| Balance at 31 March 2023 | 5 | (181,250) | (181,245) |
| Balance at 1 April 2021 | 5 | (204,807) | (204,802) |
| Total comprehensive income for the period | | | |
| Deficit for the year | - | (891,576) | (891,576) |
| Remeasurement of Pension Schemes | - | 756,000 | 756,000 |
| Remeasurement of the Reimbursement Asset | - | 454,353 | 454,353 |
| Balance at 31 March 2022 | 5 | 113,970 | 113,975 |

The accompanying notes form part of these financial statements.

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

1 LEGAL STATUS

The Association is incorporated under the Co-operative and Community Benefit Society Act 2014. The company registration number is 24278R and is a Public Benefit Entity. Its principal place of business is Memorial House, Stenson Road, Coalville.

2 PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

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

The presentation currency of these financial statements is sterling. All amounts have been rounded to the nearest £1.00.

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

Cash Flow Statement and related notes;
Key Management Personnel compensation.

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

Measurement Convention

The financial statements are prepared on historical cost basis.

Going Concern

The accounting for The Pension Trust - Social Housing Pension Scheme as a defined benefit scheme has resulted in the Association having a net liability closing position. This is anticipated to be reversed within several years of trading. The association also has a cost sharing agreement and profit or loss sharing agreement with the four Rural Housing Associations (RHAs) that it provides services to, which allow it to recover the majority share of employment costs (including actuarial pension movements) from the four RHAs. If the Association was required to meet its liabilities in full then it would require the funding support from the four rural associations to meet this obligation. As noted above the cost sharing agreement would require the four Rural Housing Associations to provide this support.

The board, after reviewing the Association budgets for 2023/24 and the group's medium term financial position as detailed in the 30-year business plan, is of the opinion that, taking account of severe but plausible downsides, the group and Association have adequate resources to continue in business for the foreseeable future. The Board therefore continues to adopt the going concern basis in preparing the annual financial statements.

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Classification of financial instruments by the Association

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

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

Basic financial instruments

Trade and other debtors

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.

Employee Benefits

Defined benefit plans

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

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

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

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

The Association participates in 2 defined benefit plans as set out below:-

- The Pensions Trust Social Housing Pension Scheme
- The Pensions Trust Growth Plan

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Reimbursement assets

The reimbursement asset represents contributions due from the 4 Rural Housing Associations to allow the Association to recover the Rural Housing Associations' share of the annual payments made to the Social Housing Pension Scheme as part of the deficit recovery plan.

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.

Provisions

A provision is recognised in the statement of financial position when the Association 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 Association 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 profit or loss 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 balance sheet date, and any adjustments to tax payable in respect of previous years.

Turnover

Turnover represents fee income receivable from the sale of services and grants receivable from third parties.

Recharges or Distributions to Rural Housing Associations

Based on a cost sharing agreement in place between the Association and the 4 Rural Housing Associations, the Association calculates an annual recharges or distributions from or to the 4 Rural Housing Associations based on a proportion of the total comprehensive income of the Association. The basis of calculation for this recharge distribution has been agreed by the Boards of the Association and the 4 Rural Housing Associations.

Due to the position in the current year (largely resulting from actuarial pension movements) this has resulted in a recharge for 2022/23.

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

Expenses

Operating Costs

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

Operating leases

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

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 trade debtors

The estimate for trade debtors relates to the recoverability of the outstanding balances at the reporting date. Trade Debtors are reviewed on an individual balance basis and a provision created for bad and doubtful debts based on the on the age and likely recoverability of the debt.

Defined benefit pensions liabilities

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plan, such estimates are subject to significant uncertainty. Further details are given in Note 16.

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

| | 2023 £ | 2022 £ |
|---|----------------|------------------|
| 3 ANALYSIS OF OPERATING SURPLUS | | |
| <hr/> | | |
| <p>The operating surplus is constituted of both operating activities and recharges or distributions to the 4 Rural Housing Associations. These recharges or distributions are largely influenced by the actuarial changes in pensions (which forms part of the agreed calculation). The analysis below shows the effect of these recharges or distributions and the impacts on the Operating Surplus.</p> | | |
| <u>Operating Activities</u> | | |
| Turnover | 448,965 | 438,719 |
| Operating costs | (442,314) | (404,995) |
| Loss on disposal of fixed assets | | (335) |
| Operating surplus/(deficit) from operating activities | 6,651 | 33,389 |
| Recharges/(distributions) to/from to Rural Housing Associations | 569,626 | (896,330) |
| Operating surplus/(deficit) | 576,277 | (862,941) |

4 SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

Surplus on ordinary activities before taxation is stated after charging:

| | | |
|---|--------|-------|
| Expenses reimbursed to the Board of Management | - | 204 |
| Depreciation of tangible fixed assets | - | 201 |
| Auditor's remuneration - for the audit of the annual accounts | 7,438 | 6,750 |
| Operating lease payments Land & Buildings | 66,681 | 6,962 |

5 HOUSING STOCK

The Association manages the following properties on behalf of other Housing Associations:

| | 2023 Number | 2022 Number |
|-------------------------------------|----------------|----------------|
| Social housing accommodation | | |
| General needs rented | 1,409 | 1,380 |
| Low cost home ownership | 253 | 248 |
| Total social housing managed | 1,662 | 1,628 |

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

6 STAFF NUMBER AND COSTS

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

| | 2023 Number | 2022 Number |
|------------------------------------|------------------|------------------|
| Office staff | 1 | 1 |
| | 2023 £ | 2022 £ |
| Staff costs for the above persons: | | |
| Wages and salaries | 58,360 | 62,631 |
| Social security costs | 9,784 | 9,250 |
| Pension costs | (2,837) | 6,667 |
| | 65,307 | 78,548 |

The total number of staff employed under a joint contract of employment with the four Rural Housing Associations referred to in the Annual Report of the Board of Management is 23 (2022: 23). The employee information disclosed above relates to Midlands Rural Housing only.

Board member pay is disclosed within the consolidated accounts of the parent company, East Midlands Housing Group Limited. The consolidated financial statements of East Midlands Housing Group are available at www.emhgroup.org.

7 BOARD MEMBERS AND EXECUTIVE DIRECTORS

Remuneration of £3,771 was paid to the Board of the Association during the year (2022: £3,679). Expenses of £nil (2022: £204) were paid.

| | 2023 £ | 2022 £ |
|---|-----------|-----------|
| 8 INTEREST PAYABLE AND SIMILAR CHARGES | | |
| On pension scheme liabilities | 1 | (365) |
| | 1 | (365) |

9 FINANCING INCOME AND COSTS

| | | |
|--|-----------|-----------|
| Expected return on pension scheme assets | 125,000 | 90,000 |
| Interest on pension scheme liabilities | (137,000) | (119,000) |
| Net financing costs | (12,000) | (29,000) |

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

| | 2023 | 2022 |
|---|-------------|-------------|
| | £ | £ |
| 10 TAXATION | | |
| Total tax expense recognised in the profit and loss account, other comprehensive income and equity. | | |
| <i>Current tax</i> | | |
| Current tax on income for the period | 85,346 | - |
| Total current tax | 85,346 | - |
| Total tax recognised in profit and loss account | 85,346 | - |
| Reconciliation of effective rate | | |
| Surplus before taxation | 564,276 | (891,576) |
| Total tax expense | 85,346 | - |
| Tax using the UK corporation tax rate of 19% (2022: 19%) | 107,212 | (169,399) |
| Non-deductible expenses | - | 38 |
| Pension contribution adjustment | (21,738) | (9,941) |
| Capital allowances | (128) | (157) |
| Trading Losses Offset | - | 179,459 |
| Total tax expense included in the profit | 85,346 | - |
| 11 DEBTORS | | |
| Trade debtors | 147,712 | 113,377 |
| Prepayments and accrued income | 626,883 | 21,071 |
| Amounts owed by group undertakings | 122,052 | - |
| | 896,647 | 134,448 |
| Due within one year | 896,647 | 134,448 |
| 12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR | | |
| Trade creditors | 30,503 | 3,636 |
| Accruals and deferred income | 18,562 | 904,167 |
| Taxation and social security | 17,648 | - |
| Corporation tax | 85,421 | - |
| Pension deficit contributions (see note 15) | 103 | 103 |
| Amounts due to group undertakings | 609,153 | 412,839 |
| | 761,390 | 1,320,745 |

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

| | 2023 | 2022 |
|---|------|------|
| | £ | £ |
| 13 CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR | | |
| Pension deficit contributions (see note 15) | 78 | 180 |
| | 78 | 180 |

14 PROVISIONS

| | Leave Pay | Total |
|-------------------------------------|-----------|---------|
| | £ | £ |
| Balance at 1 April 2022 | 20,925 | 20,925 |
| Provisions reversed during the year | (9,471) | (9,471) |
| Balance at 31 March 2023 | 11,454 | 11,454 |

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.

15 EMPLOYEE BENEFITS

The association operates two defined benefit pension schemes.

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

| | The Pensions Trust - SHPS | The Pensions Trust - Growth Plan |
|--|---------------------------|----------------------------------|
| | £ | £ |
| Net liability at 1 April 2022 | 517,000 | 283 |
| Loss in the period charged to the profit & loss account | 16,000 | 1 |
| Loss in the period charged to other comprehensive income | 195,000 | - |
| Deficit contribution paid | (168,000) | (103) |
| Net liability at 31 March 2023 | 560,000 | 181 |

The Pensions Trust - Social Housing Pension Scheme

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

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

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

15 EMPLOYEE BENEFITS (CONTINUED)

The Pensions Trust - Social Housing Pension Scheme (Continued)

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 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 association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the Scheme. Participating employers are legally required to meet their share of the Scheme deficit on an annuity purchase basis on withdrawal from the Scheme.

For accounting purposes, a valuation of the scheme is 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 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2022. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2023 to 28 February 2024 inclusive.

The liabilities are compared, at the relevant accounting date, with the Association's fair share of the Scheme's total assets to calculate the Association's net deficit or surplus.

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

15 EMPLOYEE BENEFITS (CONTINUED)

The Pensions Trust - Social Housing Pension Scheme (Continued)

| | 2023 | 2022 |
|---|--------------|--------------|
| | £'000 | £'000 |
| Present values of defined benefit obligation, fair value of assets and defined benefit asset/(liability) | | |
| Fair value of plan assets | 2,632 | 4,440 |
| Present value of defined benefit obligation | (3,192) | (4,957) |
| Defined benefit asset (liability) to be recognised | (560) | (517) |
| Reconciliation of opening and closing balances of the defined benefit obligation | | |
| Defined benefit obligation at start of period | 4,957 | 5,596 |
| Expenses | 4 | 4 |
| Interest expense | 137 | 119 |
| Actuarial losses (gains) due to scheme experience | (97) | 237 |
| Actuarial losses (gains) due to changes in demographic assumptions | (7) | (73) |
| Actuarial losses (gains) due to changes in financial assumptions | (1,742) | (466) |
| Benefits paid and expenses | (60) | (460) |
| Defined benefit obligation at end of period | 3,192 | 4,957 |
| Reconciliation of opening and closing balances of the fair value of plan assets | | |
| Fair value of plan assets at start of period | 4,440 | 4,242 |
| Interest income | 125 | 90 |
| Experience on plan assets (excluding amounts included in interest income) - gain (loss) | (2,041) | 454 |
| Contributions by the employer | 168 | 114 |
| Benefits paid and expenses | (60) | (460) |
| Fair value of plan assets at end of period | 2,632 | 4,440 |
| The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2022 to 31 March 2023 was £1,916,000. | | |
| Defined benefit costs recognised in statement of comprehensive income (SOCl) | | |
| Expenses | 4 | 4 |
| Net interest expense | 12 | 29 |
| Defined benefit costs recognised in statement of comprehensive income (SoCl) | 16 | 33 |

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

15 EMPLOYEE BENEFITS (CONTINUED)

The Pensions Trust - Social Housing Pension Scheme (Continued)

| | 2023 | 2022 |
|--|--------------|--------------|
| | £'000 | £'000 |
| Defined benefit costs recognised in other comprehensive income | | |
| Experience on plan assets (excluding amounts included in net interest cost) - gain (loss) | (2,041) | 454 |
| Experience gains and losses arising on the plan liabilities - (loss)/gain | 97 | (237) |
| Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss) | 7 | 73 |
| Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - (loss)/gain | 1,742 | 466 |
| Total amount recognised in other comprehensive income - (loss)/gain | (195) | 756 |
| Assets | | |
| Global Equity | 49 | 852 |
| Absolute Return | 28 | 178 |
| Distressed Opportunities | 80 | 159 |
| Credit Relative Value | 99 | 148 |
| Alternative Risk Premia | 5 | 146 |
| Emerging Markets Debt | 14 | 129 |
| Risk Sharing | 194 | 146 |
| Insurance-Linked Securities | 66 | 104 |
| Property | 113 | 120 |
| Infrastructure | 301 | 316 |
| Private Debt | 117 | 114 |
| Opportunistic Illiquid Credit | 113 | 149 |
| High Yield | 9 | 38 |
| Opportunistic Credit | - | 16 |
| Cash | 19 | 15 |
| Corporate Bond Fund | - | 296 |
| Long Lease Property | 79 | 114 |
| Secured Income | 121 | 166 |
| Liability Driven Investment | 1,213 | 1,239 |
| Currency Hedging | 5 | (17) |
| Net Current Assets | 7 | 12 |
| Total assets | 2,632 | 4,440 |

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.

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

15 EMPLOYEE BENEFITS (CONTINUED)

The Pensions Trust - Social Housing Pension Scheme (Continued)

Key Assumptions

| | 2023 | 2022 |
|---|--------------|--------------|
| | % per | % per |
| | annum | annum |
| Discount Rate | 4.83 | 2.78 |
| Inflation (RPI) | 3.16 | 3.44 |
| Inflation (CPI) | 2.81 | 3.13 |
| Salary Growth | 3.81 | 4.13 |
| | 75% of | 75% of |
| | maximum | maximum |
| Allowance for commutation of pension for cash at retirement | allowance | allowance |

The mortality assumptions adopted at 31 March 2023 imply the following life expectancies:

| | Life |
|-------------------------|-------------------|
| | expectancy |
| | at age 65 |
| | (Years) |
| Male retiring in 2023 | 21.0 |
| Female retiring in 2023 | 23.4 |
| Male retiring in 2043 | 22.2 |
| Female retiring in 2043 | 24.9 |

Reimbursement Asset

The Social Housing Pension Scheme provided by Midlands Rural Housing Association is for staff employed under a joint employment contract with the 4 rural associations mentioned in the Annual Report of the Board of Management. 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 the 4 rural associations. This is separately declared within the Statement of Financial Position on the following basis:

| | 2023 | 2022 |
|------------------|-------------|-------------|
| | £ | £ |
| At 1st April | 881,700 | 525,951 |
| Payment received | (138,060) | (98,604) |
| Change in debtor | (579,150) | 454,353 |
| At 31st March | 164,490 | 881,700 |

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

| | 2023 | 2022 |
|---|-----------|---------|
| | £ | £ |
| 15 EMPLOYEE BENEFITS (CONTINUED) | | |
| <u>The Pensions Trust - Social Housing Pension Scheme (Continued)</u> | | |
| <u>Split to Rural Housing Associations</u> | | |
| Warwickshire Rural Housing Association | 60,991 | 326,922 |
| Northampton Rural Housing Association | 64,687 | 346,736 |
| Peak District Rural Housing Association | 29,571 | 158,508 |
| Leicestershire Rural Housing Association | 9,241 | 49,534 |
| Total pension reimbursement asset | 164,490 | 881,700 |
| <u>Movement in the year included in Other Comprehensive Income - Remeasurement of Social Housing Pension Scheme</u> | | |
| Change in Debtor | (579,150) | 454,353 |
| | (579,150) | 454,353 |

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 2024 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.

The Pensions Trust - The Growth Plan

The association participates in the scheme, a multi-employer scheme which provides benefits to 638 non-associated participating employers. The scheme is a defined benefit scheme in the UK. It is not possible for the association 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 association is potentially liable for other participating employers' obligations if those employers are unable to meet their share of the scheme deficit following withdrawal from the scheme. Participating employers are legally required to meet their share of the scheme deficit on an annuity purchase basis on withdrawal from the scheme.

MIDLANDS RURAL HOUSING AND VILLAGE DEVELOPMENT ASSOCIATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

15 EMPLOYEE BENEFITS (CONTINUED)

The Pensions Trust - The Growth Plan (continued)

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

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

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 £131.5m. 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 association has agreed to a deficit funding arrangement the association 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.

| | 2023 | 2022 |
|---|-------------|-------------|
| | £ | £ |
| <u>Present Value of provision</u> | | |
| Present value of provision at period end | 181 | 283 |
| <u>Reconciliation of opening and closing provisions</u> | | |
| Provision at start of period | 283 | 868 |
| Unwinding of discount factor (interest expense) | 6 | 5 |
| Deficit contribution paid | (103) | (220) |
| Remeasurement - impact of any change in assumptions | (5) | (7) |
| Remeasurement - amendments to the contribution schedule | - | (363) |
| Provision at the end of period | 181 | 283 |

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15 EMPLOYEE BENEFITS (CONTINUED)

The Pensions Trust - The Growth Plan (continued)

| | 2023 | 2022 |
|---|-------------|-------------|
| <u>Profit and loss impact</u> | | |
| Interest expense | 6 | 5 |
| Remeasurement - impact of any change in assumptions | (5) | (7) |
| Remeasurement - amendments to the contribution schedule | - | (363) |

Assumptions

| | | |
|----------------------------|-------|-------|
| Rate of discount per annum | 5.52% | 2.35% |
|----------------------------|-------|-------|

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.

| | 2023 | 2022 |
|-----------------------------------|-------------|-------------|
| | £ | £ |
| 16 CALLED UP SHARE CAPITAL | | |

Allotted, issued and full paid

| | | |
|---|---|---|
| Allotted, issued and fully paid at 1 April and 31 March | 5 | 5 |
|---|---|---|

At 31 March 2023, the Association had 5 ordinary shares (2022: 5) in issue, with each share having a nominal value of £1.

17 OPERATING LEASES

Non-cancellable operating lease rentals are payable as follows:

| | | |
|--------------------|--------|---|
| Less than one year | 66,649 | - |
| | 66,649 | - |

During the year £66,681 was recognised as an expense in the profit and loss account in respect of operating leases (2022: £6,962).

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| | 2023 | 2022 |
|--|------|------|
| | £ | £ |

18 RELATED PARTIES

During the year Midlands Rural Housing had the following intercompany recharge transactions with regulated entities within the emh group.

Purchases from:

| | | |
|------------------------------------|---------|---------|
| emh Housing & Regeneration Limited | 317,252 | 246,868 |
|------------------------------------|---------|---------|

Purchases are management charges for maintenance contract management services. These charges are made at cost.

At the end of the year Midlands Rural Housing had the following intercompany balances with regulated entities within the emh group

Debtors

| | | |
|-------------------------------------|---------|---|
| East Midlands Housing Group Limited | 122,052 | - |
|-------------------------------------|---------|---|

Creditors

| | | |
|-------------------------------------|---------|---------|
| East Midlands Housing Group Limited | 105,346 | 260,499 |
| emh Housing & Regeneration Ltd | 503,807 | 152,340 |

19 ULTIMATE PARENT COMPANY

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