

# Leicestershire Rural Housing Association Limited

## **REPORT AND FINANCIAL STATEMENTS**

For the year ended 31 March 2025

A Co-operative and Community Benefit Society with Charitable Rules  
Registration No: IP29402R

**LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

For the year ended 31 March 2025

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**LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED**

**ASSOCIATION INFORMATION**

For the year ended 31 March 2025

**Board of Management**

**Chair:**

**Mrs Alison Brown**

**Mrs Caroline Large (Vice Chair)**

**Ms Valerie Bunting**

**Mrs Sheeran Sheikh**

**Mrs Celia Bown (joined 13 February 2025)**

**Registered Office:**

**Leicestershire Rural Housing Association**

Memorial House

Stenson Road

Coalville

Leicestershire

LE67 4JP

**Auditor:**

**BDO LLP**

Two Snowhill

Birmingham

B4 6GA

**Banker:**

**Barclays Bank PLC**

**Secretary:**

**Mr Richard Mugglestone**

## LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED

### ANNUAL REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2025

#### Principal Activities

The principal activity of the Association is the provision and management of affordable housing projects in Leicestershire villages.

#### Review of the Year

Throughout 2024/25 Leicestershire Rural Housing Association (LRHA) has continued to promote itself as a provider of high-quality housing management services on small-scale rural developments. Its continued success to date has been achieved by forging links with other Housing Associations and establishing formal management agreements. In this respect, LRHA is grateful for the ongoing and vital support of emh homes.

By the end of the reporting period LRHA had 171 homes in management, with stock levels expected to increase in coming years as partner registered providers develop more rural projects for LRHA to manage. Despite the many factors impacting upon registered providers' ability to develop, further schemes are already in the pipeline and opportunities for additional management on behalf of other organisations are being explored.

The Association has remained committed to its residents and have made progress in developing meaningful resident engagement ensuring that the Association is accountable to and influenced by its customers.

The Association also continues to perform well from a management perspective, with key management performance indicators being achieved or exceeded. Performance on rent arrears management remains particularly positive given the impact of Welfare Reforms and growing pressures on residents' income in challenging economic times.

LRHA continues to concentrate on its core business of providing high quality management services to partner registered providers and assisting them to develop more rural homes. Aligned to this it will look for opportunities to provide its specialist and locally sensitive management services to others. Positive promotion of rural development comes via LRHA's support of Midlands Rural Housing's role on the Leicestershire Rural Housing Group and its strategic work to enable more homes for rural communities in the County.

During the year the comprehensive servicing arrangements with Midlands Rural Housing have continued. This arrangement has seen the Association's Business Plan objectives delivered and its reputation maintained whilst continuing to provide operating efficiencies and financial benefit.

The Association is compliant with the new Consumer Standards. The Regulator of Social Housing (RSH) published a range of documents setting out their approach to regulation from 1st April 2024, following changes introduced by the Social Housing (Regulation) Act 2023. The Board welcomed the aim of these changes which focused on strengthening the accountability of social landlords for providing safe homes and quality services, and treating residents with respect. The four new consumer standards have been established to drive improvement in social housing and the Association has carried out a self assessment to review compliance with the Safety & Quality Standard; Transparency, Influence and Accountability Standard; Neighbourhood and Community Standard; and Tenancy Standard. This self assessment is subject to internal audit to ensure compliance.

Another introduction in the Social Housing (Regulation) Act 2023 was the Tenant Satisfaction Measures (TSMs). These are part of a new system developed by the Regulator of Social Housing to assess how well social housing landlords are doing at providing good quality homes and services. The Board welcomed the aim of helping improve standards for people living in social housing, by letting tenants see how well their landlord is doing and enabling tenants to hold their landlords to account. The TSMs are designed to see how well landlords are doing at keeping properties in good repair, maintaining building safety, respectful and helpful engagement, effective handling of complaints and responsible neighbourhood management. The Association has been working on the outcomes of the initial TSM survey which it carried out in September 2023 and found positive results in all of the five themes. Working groups have scrutinised the results to look for improvements in areas where satisfaction or performance was lower in comparison to other similar associations or in relation to overall results for LRHA.

## LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED

### ANNUAL REPORT OF THE BOARD OF MANAGEMENT

For the year ended 31 March 2025

#### Review of the Year (continued)

The current environment is an increasingly challenging one for a small association but the need for its services is clear. The Board of LRHA can see no reason why, with the support of partner organisations, it cannot achieve its aims and continue to be successful in future years.

#### Approach to Value for Money

LRHA is committed to being an effective and efficient social business, and achieving Value for Money (VfM) in its activities. The servicing arrangements in place with MRH, and the associated cost sharing with partner RHAs, ensure VfM is an intrinsic part of our operations. Existing VfM activities were analysed into the following themes:

- **Governance** – the Board are responsible for the overall approach to VfM and monitor and review management and servicing costs on an annual basis.
- **Resident involvement** – meaningful resident engagement has been developed, ensuring that the Association is accountable to and influenced by its customers.
- **Financial management** – effective financial planning and accurate financial information are essential in the delivery of VfM. Such information is regularly supplied and reviewed by the Board to ensure VfM in its activities.
- **Procurement** – VfM is a primary consideration in the procurement of any contracts. Cost sharing on key contracts remains a key aspect of the procurement approach.

#### Value for Money in practice

During 2024/25 the Association implemented a number of activities to enhance its Value for Money objectives.

These included:

- i) An increase in staffing resources and time allocation which has had minimal impact on associated recharges.
- ii) Competitively procuring key elements of reactive, planned and cyclical maintenance services via emh Group to achieve cost efficiencies.
- iii) In conjunction with its RHA partners, management costs have been reviewed to more accurately reflect the time allocated to this activity, and ensure efficiency in service delivery over current business plan period.

#### Liability Insurance

The Association has taken out liability insurance on behalf of the members of the Board of Management.

#### Future Outlook

The Association acknowledges that the wider economy continues to be affected by economic uncertainty. However, the Association has the resources to respond positively, and ensure that the viability of the business is maintained whilst delivering on its key aims and objectives. There will, however, be the need to balance maintenance investment, management costs and encouragement of the delivery of new homes.

It is recognised that the country's economic performance remains uncertain and there are competing pressures on the social housing sector.

On behalf of the Board of Management

**Richard Mugglestone**

Secretary

4<sup>th</sup> September 2025

## LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED

### STATEMENT OF BOARD'S RESPONSIBILITIES IN RESPECT OF THE BOARD'S REPORT AND THE FINANCIAL STATEMENTS

For the year ended 31 March 2025

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 Association and of its income and expenditure for that period.

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards and the Statement of Recommended Practice have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 it either intends to liquidate 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.

**Mrs Alison Brown**

Chair

4<sup>th</sup> September 2025

**LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO LEICESTERSHIRE RURAL HOUSING ASSOCIATION**  
**LIMITED**

For the year ended 31 March 2025

**Opinion on the financial statements**

In our opinion, the financial statements:

- give a true and fair view of the state of the Association's affairs as at 31 March 2025 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been properly prepared in accordance with the Co-operative and Community Benefit Societies Act 2014.

We have audited the financial statements of Leicestershire Rural Housing Association Limited ("the Association") for the year ended 31 March 2025 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the Statement of Cashflows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland (United Kingdom Generally Accepted Accounting Practice).

**Basis for opinion**

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

*Independence*

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

**Conclusions relating to going concern**

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

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

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

**LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO LEICESTERSHIRE RURAL HOUSING ASSOCIATION**  
**LIMITED**

For the year ended 31 March 2025

**Other information**

The Board are responsible for the other information. The other information comprises the information included in the Report and Financial Statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.

We have nothing to report in this regard.

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

We have nothing to report in respect of the following matters where we are required by the Co-operative or Community Benefit Societies Act 2014 to report to you if, in our opinion:

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

**Responsibilities of the Board**

As explained more fully in the Statement of Board's Responsibilities in Respect of the Board's Report and the Financial Statements, the Board are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board of Management determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

**Auditor's responsibilities for the audit of the financial statements**

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



**LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO LEICESTERSHIRE RURAL HOUSING ASSOCIATION**  
**LIMITED**

For the year ended 31 March 2025

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

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

*Non-compliance with laws and regulations*

Based on:

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

we considered the significant laws and regulations to be the Co-operative and Community Benefit Society Act 2014, Financial Reporting Standard 102 (United Kingdom Generally Accepted Accounting Practice) and UK tax legislation.

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

Our procedures in respect of the above included:

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

*Fraud*

We assessed the susceptibility of the financial statements to material misstatement, including fraud. Our risk assessment procedures included:

- Enquiry with management and those charged with governance regarding any known or suspected instances of fraud;
- Obtaining an understanding of the Association's policies and procedures relating to:
  - Detecting and responding to the risks of fraud; and
  - Internal controls established to mitigate risks related to fraud.
- Review of minutes of meeting of those charged with governance for any known or suspected instances of fraud;
- Review of the fraud register for any known or suspected instances of fraud;
- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

**LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED**  
**INDEPENDENT AUDITOR'S REPORT TO LEICESTERSHIRE RURAL HOUSING ASSOCIATION**  
**LIMITED**

For the year ended 31 March 2025

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

Our procedures in respect of the above included:

- Testing a sample of journal entries throughout the year, which met a defined risk criteria, by agreeing to supporting documentation; and
- A review of estimates and judgements applied by management in the financial statements to assess their appropriateness and the existence of any systematic bias.

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

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

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our auditor's report.

**Use of our report**

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

**Samantha Lifford (Senior Statutory Auditor)**  
**for and on behalf of BDO LLP, Statutory Auditor**  
Birmingham, UK

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

# LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2025

|                                                | Note | 2025<br>£ | 2024<br>£ |
|------------------------------------------------|------|-----------|-----------|
| Turnover                                       | 3    | 230,692   | 222,555   |
| Operating costs                                | 3    | (192,479) | (182,476) |
| <b>Operating surplus</b>                       | 3    | 38,213    | 40,079    |
| Interest receivable and similar income         | 8    | 4,646     | -         |
| <b>Surplus before tax</b>                      |      | 42,859    | 40,079    |
| <b>Surplus for the year</b>                    |      | 42,859    | 40,079    |
| <b>Other comprehensive income</b>              |      |           |           |
| Remeasurement of Social Housing Pension Scheme | 12   | 3,915     | (30,396)  |
| <b>Total comprehensive income for the year</b> |      | 46,774    | 9,683     |

The notes on pages 14 to 23 form part of these financial statements.

Turnover is derived from continuing activities.

# LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED

## STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2025

|                                                       | Note | 2025<br>£ | 2024<br>£ |
|-------------------------------------------------------|------|-----------|-----------|
| <b>Current assets</b>                                 |      |           |           |
| Trade and other debtors                               | 10   | 56,806    | 96,134    |
| Cash and cash equivalents                             |      | 412,960   | 419,162   |
| <b>Total current assets</b>                           |      | 469,766   | 515,296   |
| <b>Creditors:</b> amounts falling due within one year | 11   | (61,246)  | (141,003) |
| <b>Net current assets</b>                             |      | 408,520   | 374,293   |
| <b>Provision for liabilities</b>                      |      |           |           |
| Pension liability                                     | 12   | (18,907)  | (31,454)  |
| <b>Net assets</b>                                     |      | 389,613   | 342,839   |
| <b>Capital and reserves</b>                           |      |           |           |
| Called up share capital                               | 13   | 10        | 10        |
| Revenue reserves                                      |      | 389,603   | 342,829   |
| <b>Total funds</b>                                    |      | 389,613   | 342,839   |

The notes on pages 14 to 23 form part of these financial statements.

These financial statements were approved by the Board of directors on 4 September 2025 and were signed on its behalf by:

**Mrs Alison Brown**

Chair

**Mrs Caroline Large**

Board  
Member

**Mr Richard Mugglestone**

Secretary

A Co-operative and Community Benefit Society with Charitable Rules  
Registration No: IP29402R

# LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED

## STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31 MARCH 2025

|                                                  | Called up<br>share<br>capital<br>£ | Revenue<br>reserve<br>£ | Total<br>equity<br>£ |
|--------------------------------------------------|------------------------------------|-------------------------|----------------------|
| Balance at 1 April 2024                          | 10                                 | 342,829                 | 342,839              |
| <b>Total comprehensive income for the period</b> |                                    |                         |                      |
| Surplus for the year                             | -                                  | 42,859                  | 42,859               |
| Remeasurement of Pension Schemes                 | -                                  | 3,915                   | 3,915                |
| <b>Balance at 31 March 2025</b>                  | <b>10</b>                          | <b>389,603</b>          | <b>389,613</b>       |

|                                                  | Called up<br>share<br>capital<br>£ | Revenue<br>reserve<br>£ | Total<br>equity<br>£ |
|--------------------------------------------------|------------------------------------|-------------------------|----------------------|
| Balance at 1 April 2023                          | 10                                 | 333,146                 | 333,156              |
| <b>Total comprehensive income for the period</b> |                                    |                         |                      |
| Surplus for the year                             | -                                  | 40,079                  | 40,079               |
| Remeasurement of Pension Schemes                 | -                                  | (30,396)                | (30,396)             |
| <b>Balance at 31 March 2024</b>                  | <b>10</b>                          | <b>342,829</b>          | <b>342,839</b>       |

The notes on pages 14 to 23 form part of these financial statements.

**LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED**

**STATEMENT OF CASHFLOWS**

FOR THE YEAR ENDED 31 MARCH 2025

|                                                   | Note | 2025<br>£       | 2024<br>£       |
|---------------------------------------------------|------|-----------------|-----------------|
| <b>Cashflows from operating activities</b>        |      |                 |                 |
| Operating surplus for the year                    | 3    | 38,213          | 40,079          |
| <i>Adjustments for non-cash items:</i>            |      |                 |                 |
| Pensions costs less contributions payable         | 12   | (8,632)         | (8,183)         |
| Decrease/(increase) in trade & other debtors      |      | 39,328          | (6,474)         |
| (Decrease) in trade and other creditors           |      | (79,757)        | (69,095)        |
| <b>Net cash (used in) operating activities</b>    |      | <b>(10,848)</b> | <b>(43,673)</b> |
| <b>Cashflows from investing activities</b>        |      |                 |                 |
| Interest received                                 |      | 4,646           | -               |
| <b>Net cash from investing activities</b>         |      | <b>4,646</b>    | <b>-</b>        |
| <b>Net cash from financing activities</b>         |      | <b>-</b>        | <b>-</b>        |
| <b>Net change in cash and cash equivalents</b>    |      | <b>(6,202)</b>  | <b>(43,673)</b> |
| Cash and cash equivalents at start of period      |      | 419,162         | 462,835         |
| <b>Cash and cash equivalents at end of period</b> |      | <b>412,960</b>  | <b>419,162</b>  |

No debts or liabilities are outstanding.

The notes on pages 14 to 23 form part of these financial statements.

## LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

#### 1 LEGAL STATUS

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The Association is incorporated under the Co-operative and Community Benefit Society Act 2014. The company registration number is IP29402R. Its principal place of business is Memorial House, Stenson Road, Coalville and it is a Public Benefit Entity.

#### 2 PRINCIPAL ACCOUNTING POLICIES

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##### **Basis of preparation**

The financial statements of the Association are prepared in accordance with Financial Reporting Standard 102 - the applicable financial reporting standard in the UK and Republic of Ireland (FRS 102) and with reference to the Statement of Recommended Practice: Accounting by Registered Social Housing Providers Update 2018 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

The presentation and functional currency of these financial statements is sterling.

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 Board of Management, 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 historical cost basis.

##### **Going concern**

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

The Association prepares a 5 year business plan which is updated and approved on an annual basis. The most recent business plan was approved in May 2025 by the Board. As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework against the base plan.

The Board, after reviewing the Association budgets for 2025/26 and the Association's medium term financial position as detailed in the 5-year business plan, is of the opinion that, taking account of severe but plausible downsides, the Association has adequate resources to continue in business for the foreseeable future. In order to reach this conclusion, the Board have considered:

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2025

**2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

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**Going concern** (continued)

- 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 take account of potential future reductions in rents;
- Liquidity – current available cash gives significant headroom for committed spend and other forecast cash flows that arise;
- The Associations' ability to withstand other adverse scenarios such as higher number of void properties.

The Board believe the Association has sufficient finance in place even in severe but possible downside scenarios.

Consequently, the Board are confident that the 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.

**Basic financial instruments**

*Tenant arrears, trade and other debtors*

Tenants arrears, trade and other debtors are recognised at an undiscounted amount of the cash or other consideration expected to be received net of impairment. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

*Trade and other creditors*

Trade and other creditors are recognised at an undiscounted amount of the cash or other consideration expected to be received net of impairment. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.



**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2025

**2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

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**Employee benefits**

Defined benefit plans

The Pensions Trust Social Housing Pension Scheme

The Association participates in The Pensions Trust Social Housing Pension Scheme via Joint Contracts of Employment with Midlands Rural Housing and Village Development Association Ltd (MRH) and three other rural housing associations. The entire assets and liabilities of this pension scheme is declared in the accounts of MRH.

The Association is liable for a share of the full pension deficit arising under this plan via a legal agreement between the Association, MRH and the three other rural housing associations. This share of the deficit is recognised as a provision in the accounts and changes in the liability are reported in the Statement of Comprehensive Income as Other Comprehensive Income.

**Termination benefits**

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

**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.

## LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

#### 2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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##### **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 statement of financial position date, and any adjustments to tax payable in respect of previous years.

##### **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.

##### **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 the statement of comprehensive income as they accrue.

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2019

**2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)**

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**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 by management for current tenant arrears and 100% for former tenant arrears. Trade Debtors are reviewed on an individual balance basis and a provision created for bad and doubtful debts based 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, future pension increases and ongoing legal cases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. The details of the assumptions used along with the scheme assets and liabilities are disclosed in MRH financial statements, further details are given in Note 12.

The Associations liability under the defined benefit scheme is its share of the deficit contribution payments arising under the plan. This creates a financial instrument for the Association which is measured at fair value. This fair value is subject to an estimate of the discount rate.

**Apportionment of Management Expenses**

Direct administration and operating costs have been apportioned to the Income and Expenditure Account on the basis of actual expenditure incurred. Finance and administration costs are further apportioned on the basis of charges levied by the Managing Agents.

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

|                                                                                              | Turnover | Operating costs<br>2025<br>£ | Operating surplus | Turnover | Operating costs<br>2024<br>£ | Operating loss |
|----------------------------------------------------------------------------------------------|----------|------------------------------|-------------------|----------|------------------------------|----------------|
| <b>3 PARTICULARS OF TURNOVER, COST OF SALES, OPERATING EXPENDITURE AND OPERATING SURPLUS</b> |          |                              |                   |          |                              |                |
| <b>Other social housing activities</b>                                                       |          |                              |                   |          |                              |                |
| Managed properties                                                                           | 230,692  | (192,479)                    | 38,213            | 222,555  | (182,476)                    | 40,079         |
|                                                                                              | 230,692  | (192,479)                    | 38,213            | 222,555  | (182,476)                    | 40,079         |
| <b>Total social housing</b>                                                                  | 230,692  | (192,479)                    | 38,213            | 222,555  | (182,476)                    | 40,079         |
| Gain on disposal of tangible fixed assets                                                    |          |                              | -                 |          |                              | -              |
| <b>Operating surplus</b>                                                                     |          |                              | <b>38,213</b>     |          |                              | <b>40,079</b>  |

# LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

|                                      | 2024<br>Number | Additions<br>Number | Disposals<br>Number | 2025<br>Number |
|--------------------------------------|----------------|---------------------|---------------------|----------------|
| <b>4 HOUSING STOCK</b>               |                |                     |                     |                |
| <b>Social housing accommodation</b>  |                |                     |                     |                |
| Managed on behalf of other landlords | 167            | 5                   | (1)                 | 171            |
| Total social housing managed         | 167            | 5                   | (1)                 | 171            |
| <b>Total housing stock</b>           | <b>167</b>     | <b>5</b>            | <b>(1)</b>          | <b>171</b>     |

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

|                                              | 2025<br>£              | 2024<br>£              |
|----------------------------------------------|------------------------|------------------------|
| <b>5 EXPENSES AND AUDITORS' REMUNERATION</b> |                        |                        |
| Auditor's remuneration:                      |                        |                        |
| Audit of these financial statements          | 10,000                 | 12,500                 |
|                                              | <b>2025<br/>Number</b> | <b>2024<br/>Number</b> |

## 6 STAFF NUMBERS AND COSTS

The association employs staff on Joint Contracts of Employment with Midlands Rural Housing and Village Development Association Limited (MRH) and three other rural housing associations. The numbers in this note relate to LRHA's share of these staff. Management and development services are provided under a management contract with MRH.

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

|              |   |   |
|--------------|---|---|
| Office staff | 1 | 1 |
|              | 1 | 1 |

|                                                                               | 2025<br>£ | 2024<br>£ |
|-------------------------------------------------------------------------------|-----------|-----------|
| Recharges from MRHA under the above contract during the year were as follows: |           |           |
| Staff costs                                                                   | 40,741    | 45,787    |
| Finance processing/accounting costs                                           | 11,136    | 12,277    |
| Other recharges                                                               | 6,465     | 10,188    |
|                                                                               | 58,342    | 68,252    |

## 7 BOARD MEMBERS

£nil remuneration was payable to members of the Board of Management during the period (2024: £nil)

The number of people serving on the Board during the year was 5 (2024: 4)

|                                                    |   |    |
|----------------------------------------------------|---|----|
| Total expenses reimbursed to the committee members | - | 59 |
|----------------------------------------------------|---|----|

**LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2025

|  | <b>2025</b> | <b>2024</b> |
|--|-------------|-------------|
|  | <b>£</b>    | <b>£</b>    |

**8 INTEREST RECEIVABLE AND SIMILAR INCOME**

|                          |       |   |
|--------------------------|-------|---|
| Bank interest receivable | 4,646 | - |
|--------------------------|-------|---|

**9 TAXATION**

No liability to taxation arises on the Association in the current year.

**10 TRADE AND OTHER DEBTORS**

|                                           |               |               |
|-------------------------------------------|---------------|---------------|
| Current tenant arrears                    | 19,505        | 13,669        |
| Less provision for bad and doubtful debts | (3,326)       | -             |
| Former tenant arrears                     | -             | 61            |
| Less provision for bad and doubtful debts | -             | (61)          |
| Trade debtors                             | 26,601        | 21,261        |
| Prepayments and accrued income            | 14,026        | 61,204        |
| <b>Total debtors</b>                      | <b>56,806</b> | <b>96,134</b> |
| Due within one year                       | 56,806        | 96,134        |

**11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                              |               |                |
|------------------------------|---------------|----------------|
| Trade creditors              | 21,594        | 13,037         |
| Rent received in advance     | 25,671        | 23,042         |
| Accruals and deferred income | 10,380        | 30,396         |
| Taxation and social security | 2,905         | 1,064          |
| Other creditors              | 696           | 73,464         |
|                              | <b>61,246</b> | <b>141,003</b> |

## LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2025

#### 12 EMPLOYEE BENEFITS

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

As detailed in Note 6 employees are employed on Joint Contracts of Employment with Midlands Rural Housing and Village Development Association Limited (MRH). MRH participates in The Pensions Trust - Social Housing Pension Scheme. The entire assets and liabilities of this pension scheme is declared in the accounts of MRH.

A legal agreement has been entered into between the 5 entities involved in the joint contracts of employment identifying how the pension liability of those jointly employed staff will be met by each entity. The Association recognises its share of the pension deficit which is the best estimate of the pension liability at year end.

|                                                 | 2025    | 2024   |
|-------------------------------------------------|---------|--------|
|                                                 | £       | £      |
| Opening Balance                                 | 31,454  | -      |
| Creation of Opening Liability (charged to SOCI) | -       | 28,009 |
| Contributions paid                              | (8,632) | -      |
| Change in Liability (charged to SOCI)           | (3,915) | 3,445  |
| Closing Balance                                 | 18,907  | 31,454 |

#### 13 SHARE CAPITAL

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##### Share capital

|                                                         |    |    |
|---------------------------------------------------------|----|----|
| Allotted, issued and fully paid at 1 April and 31 March | 10 | 10 |
|---------------------------------------------------------|----|----|

At 31 March 2025, the Association had 10 ordinary shares (2024: 10) in issue, with each share having a nominal value of £1. The shares have no rights to dividends nor to any share of assets of the Association in the event of it ceasing to operate.

#### 14 RELATED PARTIES

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Payments made during the year to Midlands Rural Housing and Village Development Association Limited on an arm's length basis in respect of staff costs, finance processing, accounting, development and other recharges are as disclosed in Note 6.