Leicestershire Rural Housing Association Limited

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 March 2026

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 2026

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LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED

ASSOCIATION INFORMATION

For the year ended 31 March 2026

Board of Management

Chair:	**Mrs Alison Brown**
Vice Chair:	**Mrs Caroline Large**
	Ms Valerie Bunting
	Mrs Sheeran Sheikh
	Mrs Celia Bown

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 2026

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 2025/26 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 170 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 2025 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.

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 2025/26 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 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 (Sep 29, 2026 14:47:35 GMT+1)

Richard Mugglestone
Secretary
29th September 2026

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 2026

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.



Alison Brown (Sep 29, 2026 14:45:07 GMT+1)

Mrs Alison Brown
Chair
29th September 2026

LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED

INDEPENDENT AUDITOR'S REPORT TO LEICESTERSHIRE RURAL HOUSING ASSOCIATION LIMITED

For the year ended 31 March 2026

Report on the audit of the financial statements

Opinion

In our opinion:

- the financial statements give a true and fair view of the state of the Association's affairs as at 31 March 2026 and of the Association surplus and the Association's cash flows for the year then ended;
- the financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Co-operative and Community Benefit Societies Act 2014.

We have audited the financial statements of Leicestershire Rural Housing Association ("the Association") for the year ended 31 March 2026 which comprise of the following:

- Association Statement of Comprehensive Income
- Association Statement of Financial Position
- Association Statement of Changes in Reserves
- Association Statement of Cashflows
- Notes 1 to 14 to the financial statements including a summary of significant accounting policies.

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

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Other information

The board are responsible for the other information. The other information comprises the information included in the Report and Financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report that fact.
We have nothing to report in this regard.

Matters on which we are required to report by exception

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

- the Association has not kept proper books of account;
- the 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 responsibilities in respect of the board report and the financial statements, the board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the board members determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the board are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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

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

Non-compliance with laws and regulations

Based on:

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

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

Fraud (continued)

- Discussion amongst the engagement team as to how and where fraud might occur in the financial statements; and
- Performing analytical procedures to identify any unusual or unexpected relationships that may indicate risks of material misstatement due to fraud.

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

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.
- A review of unadjusted differences for indications of bias or deliberate misstatement.

We also communicated relevant identified laws and regulations and potential fraud risks to all engagement team members 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 available on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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 and the members as a body, for our audit work, for this report, or for the opinions we have formed.

Signed by:
BDO LLP
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BDO LLP
Statutory Auditor
Birmingham, UK
Date:30 September 2026

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

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2026

	Note	2026 £	2025 £
Turnover	3	246,185	230,692
Operating costs	3	(215,499)	(192,479)
Operating surplus	3	30,686	38,213
Interest receivable and similar income	8	15,164	4,646
Surplus for the year		45,850	42,859
Other comprehensive income			
Remeasurement of Social Housing Pension Scheme	12	(152)	3,915
Total comprehensive income for the year		45,698	46,774

The notes on pages 14 to 24 form part of these financial statements.

Turnover is derived from continuing activities.

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2026

	Note	2026 £	2025 £
Current assets			
Trade and other debtors	10	59,512	56,806
Cash and cash equivalents		540,340	412,960
Total current assets		599,852	469,766
Creditors: amounts falling due within one year	11	(152,387)	(61,246)
Net current assets		447,465	408,520
Provision for liabilities			
Pension liability	12	(12,155)	(18,907)
Net assets		435,310	389,613
Capital and reserves			
Called up share capital	13	10	10
Revenue reserves		435,300	389,603
Total funds		435,310	389,613

The notes on pages 14 to 24 form part of these financial statements.

These financial statements were approved by the Board of directors on 3 September 2026 and were signed on 29th September 2026 on its behalf by:

Mrs Alison Brown — Chair

Alison Brown (Sep 29, 2026 14:45:07 GMT+1)

Mrs Caroline Large — Board Member

CAROLINE IARGE (Sep 29, 2026 11:29:28 GMT+1)

Mr Richard Mugglestone — Secretary

Richard Mugglestone (Sep 29, 2026 14:47:35 GMT+1)

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

STATEMENT OF CHANGES IN RESERVES

FOR THE YEAR ENDED 31 MARCH 2026

	Called up share capital	Revenue reserve	Total equity
	£	£	£
Balance at 1 April 2025	10	389,603	389,613
Total comprehensive income for the period			
Surplus for the year	-	45,849	45,849
Remeasurement of Pension Schemes	-	(152)	(152)
Balance at 31 March 2026	10	435,300	435,310

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

The notes on pages 14 to 24 form part of these financial statements.

STATEMENT OF CASHFLOWS

FOR THE YEAR ENDED 31 MARCH 2026

	Note	2026 £	2025 £
Cashflows from operating activities			
Surplus for the year	3	45,850	42,859
Adjustments for non-cash items:			
Pensions costs less contributions payable	12	(6,904)	(8,632)
Interest receivable		(15,163)	(4,646)
Decrease/(increase) in trade & other debtors		(2,706)	39,328
(Decrease) in trade and other creditors		91,140	(79,757)
Net cash (used in)/from operating activities		**112,217**	**(10,848)**
Cashflows from investing activities			
Interest received		15,163	4,646
Net cash from investing activities		**15,163**	**4,646**
Net cash from financing activities		**-**	**-**
Net change in cash and cash equivalents		**127,380**	**(6,202)**
Cash and cash equivalents at start of period		412,960	419,162
Cash and cash equivalents at end of period		**540,340**	**412,960**

The notes on pages 14 to 24 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2026

1 LEGAL STATUS

Leicestershire Rural Housing Association Ltd (LRHA) is incorporated under the Co-operative and Community Benefit Society Act 2014. The company registration number is IP29402R and it is a Public Benefit Entity. Its principal place of business is Memorial House, Stenson Road, Coalville, LE67 4JP.

2 PRINCIPAL ACCOUNTING POLICIES

Basis of preparation

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

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

The financial statements are prepared on an historical cost basis.

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

Going Concern

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

The Association prepares a 5 year business plan which is updated and approved on an annual basis. The most recent business plan was approved in June 2026 by the Board.

As well as considering the impact of a number of scenarios on the business plan the Board also adopted a stress testing framework to use five main types of sensitivity testing against the base plan. The stress testing impacts were measured against loan covenants and peak borrowing levels compared to agreed facilities, with potential mitigating actions identified to reduce expenditure.

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

- Maintenance costs – budget and business plan scenarios have been modelled to take account of cost increases and delays in maintenance expenditure, with major works being phased into future years;
- Rent and service charge receivable – arrears and bad debts have been increased to allow for customer difficulties in making payments and budget and business plan scenarios to take account of potential future reductions in rents;
- Liquidity – current available cash gives significant headroom for committed spend and other forecast cash flows that arise; and
- The Association's ability to withstand other adverse scenarios such as higher interest rates and number of void properties.

Going Concern (continued)

The Board believe the Association has sufficient funding in place and expect the Association to be in compliance with its debt covenants even in severe but plausible 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.

Turnover

Turnover represents rental and service charge income receivable (net of void losses), fees receivable. 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.

Operating Costs

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

Interest receivable and Interest payable

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

Interest receivable and interest payable are recognised in the statement of comprehensive income as they accrue.

Taxation

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

Pensions - Defined benefit plans

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

2 PRINCIPAL ACCOUNTING POLICIES (CONTINUED)

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

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.

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

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

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

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

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

Impairment of financial assets (including trade and other debtors) (continued)

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

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

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short term, highly liquid investments that are readily convertible into known amounts of cash and are subject to an insignificant risk of changes in value.

Trade and other creditors

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

Key Judgements, Estimates and Assumptions

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

<u>The recoverability of rent arrears and trade debtors</u>

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

<u>Defined benefit pensions liabilities</u>

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. Further details are given in Note 12.

	Turnover	Operating costs 2026 £	Operating surplus	Turnover	Operating costs 2025 £	Operating loss
3 PARTICULARS OF TURNOVER, COST OF SALES, OPERATING EXPENDITURE AND OPERATING SURPLUS						
Other social housing activities						
Managed properties	246,185	(215,499)	30,686	230,692	(192,479)	38,213
	246,185	(215,499)	30,686	230,692	(192,479)	38,213
Total social housing	246,185	(215,499)	30,686	230,692	(192,479)	38,213
Operating (loss)/surplus			**30,686**			**38,213**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2026

	2025 Number	Additions Number	Disposals Number	2026 Number
4 HOUSING STOCK				
Social housing accommodation				
Managed on behalf of other landlords	171	-	(1)	170
Total social housing managed	171	-	(1)	170
Total housing stock	**171**	**-**	**(1)**	**170**

	2026 £	2025 £
5 EXPENSES AND AUDITORS' REMUNERATION		
Included in profit are the following:		
Auditor's remuneration:		
Audit of these financial statements	10,350	10,000

	2026 Number	2025 Number
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

	2026 £	2025 £
Recharges from MRHA under the above contract during the year were as follows:		
Staff costs	42,884	40,741
Finance processing/accounting costs	13,362	11,136
Other recharges	4,657	6,465
	60,903	58,342

7 BOARD MEMBERS

Nil remuneration was payable to members of the Board of Management during the period (2025: Nil)

The number of people serving on the Board during the year was 5 (2025: 4)

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2026

	2026	2025
	£	£
8 INTEREST RECEIVABLE AND SIMILAR INCOME		
Bank interest receivable	15,164	4,646
9 TAXATION		
No liability to taxation arises on the Association in the current year.		
10 TRADE AND OTHER DEBTORS		
Current tenant arrears	26,476	19,505
Less provision for bad and doubtful debts	(2,287)	(3,326)
Former tenant arrears	162	-
Less provision for bad and doubtful debts	(162)	-
Trade debtors	19,039	26,601
Prepayments and accrued income	16,134	14,026
Other debtors	150	-
Total debtors	59,512	56,806
Due within one year	59,512	56,806
Due after more than one year	-	-
	59,512	56,806
11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade creditors	16,414	21,594
Rent received in advance	39,231	25,671
Accruals and deferred income	19,124	10,380
Taxation and social security	856	2,905
Other creditors	76,762	696
	152,387	61,246

12 PENSION SCHEMES

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 are 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 full pension deficit arising under the plan that is payable to MRH.

Summary of the movement on pension scheme liabilities

	2026	2025
	£	£
Net liability as at 1 April	18,907	31,454
Contributions paid	(6,904)	(8,632)
Change in Liability (charged to SOCI)	152	(3,915)
Net liability as at 31 March	12,155	18,907

The Pensions Trust - Social Housing Pension Scheme

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

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

The last completed triennial valuation of the scheme for funding purposes was carried out as at 30 September 2023. This valuation revealed a deficit of £693m. A Recovery Plan has been put in place with the aim of removing this deficit by 31 March 2028.

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

For accounting purposes, a valuation of the scheme was carried out with an effective date of 30 September each year. The liability figures from this valuation are rolled forward for accounting year-ends from the following 31 March to 28 February inclusive.

The latest accounting valuation was carried out with an effective date of 30 September 2025. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2026 to 28 February 2027 inclusive.

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

The Pensions Trust - Social Housing Pension Scheme (continued)

The Pensions Trust (TPT) is involved in a current court case regarding the administration of its defined benefit pension schemes, including the Social Housing Pension Scheme (SHPS). Following a benefits review, TPT are asking the court to determine if changes made to the scheme rules in the past were in accordance with the trust deed and rules, and if not, whether certain amendments are invalid. If the court determines that historic amendments have resulted in amendments that are invalid this could result in increased pension liabilities. The court hearing finished on 28 March 2025, no ruling has yet been given nor is expected until late 2026.

The estimated impact on Leicestershire Rural Housing Association Limited if these pension changes are ruled not to have been valid is up to £6,000.

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

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

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

13 SHARE CAPITAL

Share capital	2026	2025
Allotted, issued and fully paid at 1 April and 31 March	10	10

At 31 March 2026, the Association had 10 ordinary shares (2025: 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

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.