

ENGLISH RURAL HOUSING ASSOCIATION LIMITED

Co-operative and Community Benefit Society No: 27606R

Regulator of Social Housing No: L4004



REPORT AND GROUP FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31ST MARCH 2025

CONTENTS

	Page
BOARD MEMBERS, DIRECTORS, ADVISORS AND BANKERS	1
STRATEGIC REPORT	2
INDEPENDENT AUDITOR'S REPORT	34
GROUP AND ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME	38
GROUP AND ASSOCIATION STATEMENT OF CHANGES IN RESERVES	39
GROUP AND ASSOCIATION STATEMENT OF FINANCIAL POSITION	40
GROUP AND ASSOCIATION STATEMENT OF CASH FLOWS	41
NOTES TO THE FINANCIAL STATEMENTS	42

Royal Patron:

Her Royal Highness Princess Anne, The Princess Royal

President:

Sir Peter Dixon

Board Members:

Mark Pragnell

Henry Lee

Hilary Whipp

Monica Burns

Rebecca Murphy

Sarah Nield

Philip O'Dwyer

Graham Oliver

Robert Glendinning

Avril Roberts

Mark Webster

Chair

Vice-Chair

Appointed 1st April 2024, Resigned
24th June 2025.

Resigned 6th January 2025

Resigned 1st May 2025

Appointed 24th July 2024

Appointed 24th September 2024

**Executive Management
Team:**

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Edmund (Eddie) Smy

Kathryn Harrison

Richard DeVill

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Finance Director

Resident Services Director

Development Director

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ENGLISH RURAL HOUSING ASSOCIATION LIMITED
BOARD REPORT

Strategic Report

The Board is pleased to present its report and audited consolidated financial statements for the year ended 31st March 2025.

Principal activities

English Rural Housing Association Limited is a not-for-profit registered provider of social housing directed by a voluntary Board. The Association's main activities are the management and development of affordable housing in rural areas, and the housing stock profile is set out below:

	Mar-25	Mar-24
General needs social rent	887	880
General needs affordable rent	266	251
General needs intermediate rent	11	11
Affordable home ownership	395	388
TOTAL OWNED	1,559	1,530
Managed on behalf of others	4	4
TOTAL OWNED & MANAGED	1,563	1,534

A Year in Review 2024/25

The year marked the first of English Rural's newly agreed five-year Business Strategy. This strategy is cast in the context of continued economic uncertainty and political volatility, a theme that for over a decade has now become the 'norm' in which housing associations operate. The new strategy places an even greater emphasis on the homes and services delivered to residents, whilst seeking to embed further the two increasingly important themes of value for money and sustainability. This new strategy will mobilise English Rural's resources around agreed purpose, which was restated as *'the provision and management of affordable housing for local people in rural villages in England and to be an advocate for affordable rural housing'*. Recognising that the role English Rural plays in delivering and advocating this is needed now as much as ever.

Specifically, like most housing associations, English Rural's finances have remained secure but have become less resilient to significant shocks given a perfect storm of deteriorating fiscal factors buffeting the housing association sector. These factors principally driven by higher borrowing costs, and the impact of the differential between income and high inflation driving up operating costs. This has happened at a time of heightened regulation, compliance, and investment demands – all of which carry a financial cost of some form. It was unsurprising therefore that as English Rural's strategy sought to sustain the investment needed in homes, services, and growth a compliant V2 grading was retained following a review of financial resilience by the Regulator of Social Housing. This lower grading rippling through the sector more generally as housing associations demonstrated their commitment to purpose against negative financial headwinds. English Rural viewed this reduction in financial comfort as exactly the right approach and one that could be adequately stewarded to retain enough headroom to manage likely risks.

Despite the slightly gloomy context, English Rural made considerable progress during what was one of its busiest years. The year saw the highest levels of investment in existing homes and services ever, alongside an active period of development completion as new homes under construction became available. The positive outcomes from this are shown in key metrics detailed within this report.

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
BOARD REPORT

One of the achievements of the year that the association is particularly proud of was further progress in placing resident voices at the heart of decision making. The implementation of our agreed Resident Engagement Strategy enabling this, with the remaining recruitment of resident representation on the Board secured shortly after the year end. Having a resident voice at board level was the final part in the engagement framework. This framework structured to ensure that residents inform and direct the delivery of services, whilst making sure that English Rural operates in a transparent and accountable way.

Further headline achievements during the year were:

- comprehensive review of ground maintenance provision, acting on resident feedback
- repairs procurement and contract review across all sites, to enhance value and service quality
- significant progress to secure greater levels of data on homes and residents, informing investment decisions and service delivery
- all homes continuing to be safe and well-maintained, keeping residents safe
- equality, diversity, and inclusion project completed and a plan to implement recommendations agreed, advancing our commitment to equity
- successful board succession planning to maintain skills, sustaining a record of sound and effective governance
- national position of influence retained to advocate on behalf of the rural communities and residents in need of an affordable home
- financial covenants comfortable achieved, making sure funders continue to support and invest in our work
- final stage of IT transformation strategy advanced, with a new management software provider agreed on that will secure business efficiencies
- new affordable homes completed and underway

In summary, the year reported on was considered a positive one. During which underlying finances remained stable, whilst also supporting the high levels of investment across all areas of strategic priority, but perhaps most crucially the services that we provide and the homes we build to ensure both current and future residents have somewhere safe, warm and affordable to live.

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
BOARD REPORT

English Rural's eight Strategic Ambitions are:



Strategic ambition one - Deliver quality services to residents in a way that is accountable, transparent, and guided by their voice and needs

The year reported on saw notable gains to the way that resident engagement happens. The new framework implemented securing resident voice on matters that residents told us were most important to them and reflective of the latest Tenant Satisfaction Measure. A series of thematic workshops were convened, attracting diverse resident engagement and sharing of views that helpfully informed the actions that we took; these specifically focussed on the themes of ground maintenance, energy efficiency and repairs performance. Alongside this thematic approach to seeking resident views, the Resident Scrutiny Panel continued to appraise and review wider performance including complaint levels and handling.

Board insight into resident led conversations is also firmly embedded within our approach, with Board Members hearing directly from residents at meetings and having line of sight into wider conversations that take place. There was also an opportunity during the year for Board Members to see homes and meet with residents as part of the annual away day, with around 15 developments included in scheduled visits. An approach that the Board now intends to replicate each year.

At the end of the year and as part of wider board succession planning resident recruitment to the Board was pursued, with a high level of interest and although completed after the year reported on, two residents have been selected to join the Board during 2025/26. Securing resident voice on the Board a key factor in the design of the agreed resident engagement framework and part of the wider approach to ensure accountability and transparency. In relation to these latter points, resident communications have been reviewed to embed feedback and now happen more frequently, sharing information that we are expected to share (such as Tenant Satisfaction Measures and complaints handling) alongside content that residents have told us they want to know more about.

Work has continued during the year to advance the level of data held on homes and residents. Building on the external stock condition survey completed in 2023, English Rural has since implemented plans to survey around 20% of all homes annually. More recently it has agreed to invest

ENGLISH RURAL HOUSING ASSOCIATION LIMITED

BOARD REPORT

in accelerating this work with a target of having 100% of homes surveyed by the end of March 2026. In the interim a review of access to homes had been undertaken; to fully understand the extent of homes that between them English Rural staff and contract partners had not accessed over a two-year timeframe, this now representing only 1% of all rented properties. As a priority homes flagged as not forming part of these visits were scheduled for a survey. The intelligence gathered from this approach alongside other interactions such as satisfaction surveys and regular repair visits have sought to promote and identify occurrences of damp and mould. On each occasion where this has been identified or reported, the repairs team have followed up with residents further as part of the commitment to resolving the risk of damp and mould to people and homes.

The data captured from the ongoing programme of surveys will help English Rural to plan works and financial provision to complete these. Reassuringly, although not all homes have yet been surveyed, financial estimates for future maintenance arising from those that have continued to be consistent with provisions made within longer term financial plans.

As well as building up data on homes, English Rural has also sought to understand the circumstances and needs of residents better. In doing so it has been working with an external provider who specialise in carrying out surveys to secure resident data. Over time, the plan is to build knowledge of residents to make better decisions about the way service delivery is approached. Importantly, to seek to understand specific needs of residents where it is helpful for these to be shared and to use these to inform the way that interactions and support takes place.

Another area where having current and accurate data has come to the fore is environmental upgrades and how these are being strategically planned for. The Business Strategy establishes a target that all homes will achieve a minimum EPC C rating by 2029, and this work has secured a significant boost of £1.3million grant from the Warm Homes Fund, which will be match funded by English Rural to deliver a £2.6million investment over the next three-years. The exception to this programme will be older listed homes that feature as part of the agreed approach to disposals. English Rural has around 40 of these, mainly inherited from the transfer of The Cambridgeshire Cottage Housing Society back in 2023. Given the type and cost of maintaining these homes they are being sold once vacant, with receipts being reinvested into wider strategic delivery. Recognising the loss of these homes to a specific area, English Rural has started plans to enable redelivery via its development programme around the same geography.

Achievements made during the year

- ✓ ***Enhanced resident engagement, securing greater voice, influence and accountability of English Rural***
- ✓ ***Gains to critical Tenant Satisfaction Measures, including overall satisfaction***
- ✓ ***Review of areas that residents told us were important, including ground maintenance provision and maintenance contract arrangements***
- ✓ ***Building better data to inform our approach to service delivery and investment***

Lessons learnt during the year

- *English Rural's geography and the sparsity in some areas mean that a unique approach to contractor coverage will still be necessary, this balancing larger regional arrangements with more local ones where the latter remain more available and responsive.*
- *The approach to resident engagement needs to remain flexible, with the ability of residents to shape and inform this as matters arise of needs change.*

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
BOARD REPORT

- *Achieving energy performance gains hoped for will require a nuanced approach based on individual properties and better data will help to achieve this.*

Key related business health metrics at year end

Performance Indicator	Actual	Target	2024/25 Rating	2023/24 Rating	Direction
% Satisfied with Service	77	>85	Yellow	Red	↑
Number of complaints	16	<10	Yellow	Red	↑
Ratio of responsive and planned maintenance investment	0.33	<0.4	Green	Green	↓

Strategic ambition two - Grow by building new homes in partnership with rural communities

The year reported on was an active and successful one in relation to building new affordable rural homes. Working in partnership with local communities, planning authorities and increasingly the national network of Rural Housing Enablers significant gains have been made. This included being on site with 64 homes under construction during the year and completing 41 new affordable homes (including seven for shared ownership).

We were pleased to continue our relationship with Homes England who considered to invest in our work, including enabling new opportunities to deliver homes at social rents, which we know are most affordable to the future residents living in high-cost rural communities.

This was the first full year that our new development strategy was implemented. This has set a high bar for design, quality and environmental factors. The latter particularly aligning with the emerging sustainability strategy and wider ambition to drive down carbon outputs, as well as costs for residents living in the homes that we build and manage. The strategy also focusses the mainstay of our development of Rural Exception Site opportunities with a lesser degree of affordable homes purchased from market site developments.

To ensure sound financial management, English Rural regularly reviews the development viability parameters that we apply before agreeing to take opportunities further. Over recent years and due to a tighter fiscal environment, these parameters have become more challenging to meet on some developments, particularly where build costs are high due to scale and site complications, this often compounded by the low rent levels that need to be set, or wider planning and infrastructure demands made on development finances. These factors have made delivering smaller affordable rural housing developments even more complex, with many local authority partners reporting that English Rural are often one of only a few housing associations prepared to take rural developments forward. We are of course happy to do so, but on occasions grateful for the third-party financial support from local authority partners that means financial viability is achieved. Likewise, that Homes England are prepared to reflect on the unique cost challenges of smaller rural developments when appraising appropriate grant levels.

As well as completing many new affordable homes during the year, progress was made on emerging opportunities to aid a future pipeline over coming years. This will include building out some legacy developments that had previously stalled in villages where the homes are desperately needed.

ENGLISH RURAL HOUSING ASSOCIATION LIMITED

BOARD REPORT

The year saw limited activity from the development subsidiary ER Homes Ltd, which based on current projections will remain dormant for the foreseeable future given the shift away market sale cross-subsidy. The focus being instead on a smaller programme of lower risk plot sales where these aid developments overall.

Achievements during the year

- ✓ **136 new affordable homes in development pipeline and 41 homes handed over for residents to live in.**
- ✓ **Actively supporting the valuable network of Rural Housing Enablers across seven county areas.**
- ✓ **Challenging legacy developments have been progressed and made viable through innovation and third-party financial support.**
- ✓ **27% of homes build for social rent.**

Lessons learnt during the year

- *The challenging finances around developing smaller rural sites continues and looks set to remain as a critical obstacle to many opportunities, due to high construction costs, lack of economies of scale, rural infrastructure and increasing planning/ building regulations requirements. Working closely with partners to innovate during procurement and secure grant funding needed remains essential.*
- *Managing contractors and especially mapping their financial vulnerabilities continues to be crucial to mitigate exposure to potential counter-party risks.*

Key related business health metrics at year end

Performance Indicator	Actual	Target	2024/25 Rating	2023/24 Rating	Direction
Homes started within year	23	>30			↓
Homes completed in year	41	>16			↑
Homes in development programme	136	>100			↓

Strategic ambition three – Play a leading and influential role nationally within the rural housing sector

English Rural continues to undertake a national and high-profile advocacy role. The year reported on saw the association deepen its reputation as the trusted rural voice by combining credible research and a distinctive convenor-style approach. From briefing parliamentarians in Westminster to uniting local authorities, housing associations, academia and the voluntary sector, the year's activity proved that even a modest-sized organisation can steer the national debate when it leverages partnerships and evidence.

A refreshed Communications Strategy and approach focussed on horizon-scanning and rapid response has ensured that rural issues remain visible whenever Government policy shifts. Meanwhile, our growing research pipeline - from homelessness to devolution - is positioning English Rural as the "go-to" source for insight on rural housing delivery. The association continued to develop networks and reach, that it was able to effective leverage to advocate for the homes that it builds, as well as the residents and communities it works in partnership with. During the year reported on, English Rural

ENGLISH RURAL HOUSING ASSOCIATION LIMITED

BOARD REPORT

joined together with other housing associations, rural charities and leading figures to promote a package of beneficial measures both before and after the General Election.

HRH The Princess Royal continues to support the affordable rural housing cause as Patron of English Rural, attending several events during the year which showcased the value and impact provided by smaller affordable rural housing developments.

Achievements during the year

- ✓ ***Increased parliamentary engagement to promote the value of English Rural's work***
- ✓ ***Developed thought leadership role, whilst securing greater evidence to support advocacy work***
- ✓ ***Staged a series of high-profile event to sustain and build helpful relationships***
- ✓ ***Acted as a convenor of others to make our own capacity go further***

Lessons learnt during the year

- *Given English Rural's scale its advocacy role will continue to be most impactful as a convenor of those with shared interests and purpose.*
- *The needs of rural communities, including current and future residents continues to be overlooked with government policy, making the advocacy work as critical as ever.*

Key related business health metrics at year end

Performance Indicator	Actual	Target	2024/25 Rating	2023/24 Rating	Direction
% Spend on advocacy	3.0%	>3			↔

Strategic ambition four - Invest in and deliver good governance

During the year the Board continued to direct resources to ensure strong and effective governance, recognising that doing so provides the secure foundation on which English Rural continues to thrive. The final recommendations from the external board effectiveness review were implemented and a further internal review of board and committee effectiveness completed. The key outcome from this being that English Rural continues to have strong governance arrangements, this highlighted in the restatement of the highest G1 grading from the Regulator of Social Housing. The Board recognise that this is fundamental in providing the external assurance that funders and strategic partners expect to see.

The structural consolidation reducing the complexity of the Group completed during the prior year were evident, with the simpler governance structure more easily serviced and more able to focus on core business and strategic fundamentals. Furthermore, the reduced level of activity for the remaining development subsidiary ER Homes Ltd also de-risking governance arrangements. The future role of ER homes Ltd to be a consideration for 2025/26.

During the year the cyclical reviewing of the strategy and policy framework continued. Perhaps most critical to this was the comprehensive review of the Standing Orders and Financial Regulations, which delegate down operations from the Board to committees and executive.

ENGLISH RURAL HOUSING ASSOCIATION LIMITED

BOARD REPORT

This year the self-assessment against all regulatory standards was appraised not only by the Audit & Risk Committee, but also the Board. Some weaknesses were identified around data, resident voice and transparency, with actions agreed and already being implemented in response to these. Specifically, the progress of implementing the agreed resident engagement strategy was significant during the year, with the framework of engagement being informed by Tenant Satisfaction Measures, determined by residents and enabling widespread thematic interactions on matters residents told us they most wanted to talk about. The line-of-sight into across the association was also extended, with the Board also having this directly.

Managing board succession has become a frequent and dynamic subject for the Board. With regular review of skills, terms and representation needs. New Board Members were recruited during the year to replace those that left, bringing desirable skills and expertise. Although not completing during the year reported on, the recruitment of resident representation at board level was well-underway by the year end and two residents will be joining the Board during 2025/26. This latest round of recruitment referencing the decision to introduce pay for Board Members from September 2025, which also reflects a recommendation of the board effectiveness review completed.

Achievements during the year



Board and committee effectiveness review completed



Standing Orders and Financial Regulations reviewed and comprehensively updated



Maintained highest regulatory grading of G1



Continued to attract high-calibre board and committee members consistent with succession plans.

Lessons learnt during the year

- *The decision to introduce modest levels of pay for Board Members seemingly widened the level of interest during recent recruitment, but the biggest driver remained aligning with the association's cause, values and brand.*
- *The self-assessment against all regulatory standards was reported at board level, as well as committee level which had been the case in prior years. This provided even deeper insight for the Board enabling them to consider, agree and monitor actions to be implemented where weaknesses were found.*

Key related business health metrics at year end

Performance Indicator	Actual	Target	2024/25 Rating	2023/24 Rating	Direction
% Board attendance	92	>90	 	 	↑
% Committee attendance	89	>85	 	 	↑
% Training attendance	91	>90	 	 	↑

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
BOARD REPORT

Strategic ambition five – Invest in securing and keeping the best talent

Acting on feedback from formal and informal staff interaction there was a focus during the year on developing a more effective approach to staff appraisals, which both delivered simplicity whilst still allowing helpful interactions, performance monitoring and professional development. Although a new approach was launched in the year, immediate feedback was that although this was better the software and approach was still not quite right. A focus continues to resolve this, creating something that works for all.

The post-covid working environment has resulted in a more fragmented staffing team, but one that continues to value in-person interactions and support. To reflect this there has been a modest shift back towards in-person working for remote and hybrid staff members, striking the balance that has been asked for. Alongside this, significant improvements have been made in relation to internal communication with new publications and activity being positively received by both the staff and Board.

As legislative changes happen that impact on employment law and rights, English Rural continues to benefit from the retained service from external people and culture advisors. This also providing guidance more widely to enable and retain talent. In the same way, English Rural continues to invest in the professional development of staff across all business areas with a flurry of achievements obtained during the year of which both individual staff members and the association are proud of.

During the year the externally supported equity, diversity and inclusion review project was completed. This work was mainly internally focussed following the theory that appraising ED&I matters within the association was the right place to start. The recommendations emerging from this work were adopted and then their implementation supported and monitored by an internal working group. The emphasis on this important and valuable work highlighted by the level of support that it received. The next stage is to shift the focus to more external elements of work and service delivery, this started during the year with clear consideration being given to the data being collected from residents and how this could then be used to inform the way that we work with and offer services. The association's ED&I journey is not yet complete but is happening in a positive, progressive and proportionate way.

Achievements during the year



New appraisal system established, but not yet perfect



Maintained updated people and culture policies



Initial internal ED&I project completed, with recommendations agreed and acted on



Continued investment in training and development to help staff achieve aspirations and qualifications

Lessons learnt during the year

- *Developing internal communications in a way that delivers for both staff and organisational needs takes time, patience and a culture of honesty. When this happens, the flow of information and engagement achieved plays a significant role in promoting cohesion and sense of community.*
- *There may be no such thing as a perfect appraisal system, but through practice and evolution one that works well and for all should be possible.*

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
BOARD REPORT

Key related business health metrics at year end

Performance Indicator	Actual	Target	2024/25 Rating	2023/24 Rating	Direction
% Staff who would recommend English Rural as a good place to work	96	>90			↔
% Annual appraisals overdue	0	<10			↑

Strategic ambition six – Actively seek partnership opportunities with other smaller rural housing associations

English Rural has seen a significant level of change over preceding years from merger and transfer activity, with 40% growth overall happening via these over the past five years. Reflecting on this and the need to allow time for organisational space and consolidation, no new partnerships have been pursued during the year.

A range of smaller localised partnerships have though continued, where these have sought to unlock new developments and in one case enable a local Almshouse Association to invest in securing new affordable homes for their own charitable benefit.

What was more impactful in terms of partnerships during the year was the role that English Rural has developed in a convenor of others, who share our purpose and strategic aims. This convenor role has meant bringing together like-minded partners from the housing and rural sectors, to share information and collaborate towards collective aims.

Achievements during the year



Continued to support local partnerships where they serve opportunities and local partners well.

Lessons learnt during the year

- To date, most transfer and merger opportunities have happened due to approaches and existing strategic relationships. English Rural has been seen as the 'go to' partner for smaller rural housing associations struggling to maintain momentum in an increasingly challenging operational environment. Moving forward, English Rural will need to consider the trade-off of seeking more opportunities via direct approaches and how this can be balanced against the trusted partner position.*

Key related business health metrics at year end

Performance Indicator	Actual	Target	2024/25 Rating	2023/24 Rating	Direction
Active partnerships	1	>3			↓
£000 Partnership income*	£0	>15			↔

Strategic ambition seven – Use assets effectively and support sound financial health

The inflationary pressures of preceding years driving up core operating costs have continued but to a lesser degree. The principal challenge in relation to these is now differential inflation, meaning the lower rate at which rental income has increased when compared to operational costs which have accelerated at much higher levels. Part of the mitigation to this is the pursuit of value for money, as English Rural seeks to ensure that what it spends across all cost areas, but specifically the high-cost areas of maintenance and development, are managed and cost efficiencies secured. But alongside that, quality and service delivery are not compromised. Invariably, there are occasions when trade-offs may become a reality of the situation, and the Board are alert to this within their regular conversations.

Reflecting on the above, some of the core business areas that the association has focussed on during the year have been the review. These include the renewal of landscape management arrangements and a wholesale review of contractor structure and procurement, including frameworks from which maintenance is procured.

One of the areas where the association feels it can make impactful efficiency gains, whilst also enhancing the quality of service it provides, is by implementing a more advanced management software solution across all functions. This aligning with the IT transformation plan agreed. In pursuit of this, management software arrangements have been re-tendered during the year, and a new provider selected. A project was started during the year to be completed during 2025 to switch software provider, at a pace that allows for careful change management and communication.

Although it has less headroom than previous years, English Rural's longer term financial resilience is sound and provides the assurance that funders, the regulator and residents expect to see. The V2 grading from the Regulator of Social Housing shows that the association continues to be compliant, realistic about the level of future cost obligations needed to deliver strategic ambitions and resilient to a wide range of potential stress scenarios. This latter point tested as part of the annual review of the 30-year financial business plan, which shows both internal buffers are safeguarded and agreed Recovery Plan measures can be applied should factors deteriorate that require such actions to be taken.

Like most housing associations English Rural has leveraged greater private finance over the past decade, to counter the lower government grant provision for building new affordable homes. This makes effective treasury strategy and policy implementation even more essential. The association has retained strong liquidity and asset cover. Borrowing levels have been managed down by the implementation of a disposals policy that sells older historic homes and by utilising cash previously held across the group structure. Plans are now emerging for locking in more debt longer to a fixed borrowing arrangement, ensuring that the level of variable funding is kept within agreed levels and the certainty of borrowing costs are locked into long term financial plans.

Achievements during the year



Successful stewardship of finances within an uncertain economic environment, maintain key covenants within internally agreed parameters.



Further implementation of the Value for Money through the review of development financial appraisals to agree updated viability modelling.



Planning for and using cash within the business to enhance treasury management and mitigate the higher cost of borrowing.



Delivery of second IT project phase in a managed and positive way.

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
BOARD REPORT

Lessons learnt during the year

- *The dispersed and sparse nature of the association's homes means that contractor coverage for repairs and maintenance work can lack scale and attract a premium compared to sector averages. It is felt though that improvements can and should be made by reviewing the approach to procurement and contract managements.*
- *Although better use of cash across the association has overall reduced anticipated borrowing costs, securing new fixed term borrowing for recent and pending investment will soon be necessary. The approach to this will need to be well planned and work should begin to prepare for this sooner rather than later.*

Key related business health metrics at year end

Performance Indicator	Actual	Threshold	2023/24 Rating	2022/23 Rating	Direction
% Fixed to variable rate debt	65	>60			↓
% EBITDA (MRI) exc sales: interest cover	130%	>110			↓
Liquidity	>36 months	>18 months			↔

Strategic ambition eight – Develop homes, services and operations in a sustainable and environmentally responsible way

Working with external advisors, the association's approach to understanding sustainability has been enhanced during the year. Using a framework approach to record and interpret data from across the association has specifically enabled insight into how our work aligns with carbon reduction aims. Being able to collate and interpret this data has been essential as a corporate Sustainability Strategy has been developed. Like most housing associations, the biggest impact we can have comes from the homes we build and manage.

The approach to agreeing and progressing a strategy has taken time, including a facilitated session during which the Board considered how important elements of the approach were, including what trade-offs might have to be considered. This ambition is seen as a journey, rather than something that will be easily defined and completed quickly. However, taking a data led approach will enable resources to be directed most effectively and for progress to be readily tracked.

Given that the association's most impactful drivers for change are how it builds new homes and what it does to drive down carbon usage for existing ones, these have been reflected in strategic and investment decisions made. For example, the Development Strategy setting a high bar for environmental factors and the decision to pursue grant funding from the Warm Homes Fund programme to extend the retrofitting of existing homes. In relation to the latter, £1.3m was secured which over the next three years will be match-funded with internal funding to deliver an overall investment of £2.6m for existing homes. This will be a significant gain for residents and towards the agreed target that all homes should achieve an EPC C environmental rating by 2029.

Achievements during the year



Updated Sustainability Strategy produced, and data driven.

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
BOARD REPORT



A three-year funding provision secured on £2.3m to invest in retrofitting existing homes, to progress the aim of having all homes at EPC C or above by 2029.

Lessons learnt during the year

- The approach to sustainability can quickly become complicated, so using data to inform and track investment decisions is critical. The biggest impact and change that English Rural can have is to drive up the performance of new and existing homes.*
- To achieve gains across existing stock good quality data at individual property level will be essential, so that the most impactful approach that delivers value for money and environmental gain can be modelled and agreed.*

Performance Indicator	Actual	Target	2024/25 Rating	2023/24 Rating	Direction
% homes EPC C or above	69	>75			↑

Risk Management & Assurance

Despite a Government with a declared desire to significantly grow the UK's housing stock, the housing association sector continues to face high levels of uncertainty whilst dealing with the legacy of recent economic upheaval which for the main part has made both development of new properties and the management of existing stock financially more challenging. There may be some 'green shoots' of greater certainty espoused by current Governments, but the sector knows from experience that little can be certain over the longer term government rental and grant policies. And so, this highlights the continued need for a strong focus on risk management along with flexible and responsive risk mitigation strategies.

The pursuit and management of risk is governed by the Risk Management and Assurance Framework, which is regularly appraised and referenced in decision making by the Board and overseen through the work of the Group Audit and Risk Committee. Risk is dynamically mapped and managed at all levels of activity and decision making. Ultimately strategic risks are documented and appraised within the Group Strategic Risk Register, which is also informed and evaluated each year against the Sector Risk Profile issued by the Regulator of Social Housing.

Pivotal to the approach taken to risk management is the role of the Group Audit & Risk Committee. The detailed focus of the Committee provides useful assurance to the Board. Alongside the traditional role of agreeing and considering an annual plan of risk-based internal audits, encompassing a range of operational risks, the Committee has continued its programme of strategic risk oversight, including determining the range of stress scenarios against which the financial business plan is tested. The range of scenarios applied this year was extensive, reflecting the continued risk of instability across the economic operating environment, and as in previous years encompassing scenarios that 'broke' the financial business plan in order to reflect upon mitigation strategies. At the same time as stress testing the financial business plan in this way, the Recovery Plan was also reviewed and updated. Ultimately should external financial circumstances deteriorate to a level which threatens English Rural's finances the Recovery Plan would be deployed to safeguard against this. The Recovery Plan includes cost reduction and deferral options and recognises the importance of maintaining a flexible level of development commitments, with the proportion of development expenditure within the existing plan of pipeline sites which is currently making up around 36% of the named total as highlighted in note 17 and 20% of the whole provision within the financial business plan which allows for additional schemes subject to future appraisal and approval.

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
BOARD REPORT

The summarised highest-level risks are reflected in the extract below. These have been extracted from the Group Strategic Risk Register considered by the Board at their meeting in May 2025.

Risk Event or Activity	Potential Impacts	Key Controls & Mitigation Options (extract)
General deterioration in UK economic conditions, including the housing market; has a negative effect on financial viability.	Impacts ability to manage debt, cashflow & funders covenants and increases cost and income exposure.	• Treasury Strategy • Robust budget process • Financial Business Plan stress testing – with regularly reviewed mitigation Plan • Regular review of Business Strategy • Robust rent collection processes • Regular re-evaluation of scheme viability and property values.
Failure of Health and Safety related processes	Detrimental impact on individuals. Breach of requirements leading to regulatory intervention.	• Key controls checks within Internal Audit programme • Landlord H&S procedure in place • Corporate H&S policy • Retained advisors • Regular reporting through to Audit & Risk Committee and Board.
Failure to comply with key regulatory requirement leading to serious breach	Regulatory intervention damaging reputation and impacting corporate capacity and delivery.	• Internal audit programme • Regular board effectiveness reviews and skills audits, complimented by third party advice • Proactive and responsive communication with RSH • Self-assessment reporting.
Failure to maintain quality of homes or key service	Significant asset failure leading to increased expenditure, reduced value and / or adverse publicity	• Updated independent stock condition survey (2023) and ongoing annual cycle of 20% internal updates • Asset management strategy • Residents scrutiny group and compliance with TSM reporting • Documented service standards • Key metric reporting to Board and Audit & Risk Committee.
Failure to respond to climate change risks and related regulatory requirements	Lack of risk prevention or awareness leading to additional expenditure. Adverse impacts on cost and amenity on residents. A lack of preparedness or investment impacting perception of key stakeholders.	• Approved Sustainability Strategy • Asset management and development policies. • Provision in financial business plan for EPC and Net Zero compliance. • Key metric reporting to Board.
Exposure to cyber-attack or other significant data management failure.	A lack of access to or adequate management of key data caused by malicious or unintended actions.	• Cyber risk management and reporting through service provider • Mandatory staff training on risk awareness and policies (including GDPR)

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
BOARD REPORT

		• Cyber security support through insurance arrangements • Cyber incident and recovery plans
Failure to engage in public policy shift or to influence where opportunity exists.	Public policy develops in an adverse way, particularly with regards rural stock issues.	• Advocacy and influencing investment and activities • Board skills, selection and awareness • Relationship management through Chief Executive and Development Team • Communications Strategy, media policy and engagement programme • Stress Testing of rent policy shifts.
Multiple Risk Events impacting simultaneously	Operating and / or economic environment shifts in multiple ways resulting in increased pressure on service delivery and financial capacity.	• Robust and multi variate stress tested financial business plan • Balanced dashboard reporting to Board • Trigger points referenced for recovery planning with multiple options for cost deferral • Highly flexible development strategy with significant uncommitted element.
Failure to achieve and demonstrate financial value	A failure to optimise leads to unnecessary waste and potential degradation of service provided or development capacity.	• Regular reporting to Board • Diligent approach to transfers and mergers • VFM metric reporting and annual VFM report • Procurement policy within SOFR. • Updated development appraisal process – rates reviewed annually • Contractor management process • Robust budgeting process
Underperformance or failure of subsidiary	Failure to maintain corporate structure controls leading to underperformance of subsidiary or financial exposure to parent.	• Proactive and simplifying approach to corporate structure, merging and transferring when appropriate • Board oversight of subsidiary activity and financial planning and performance • Risk appetite expressed at group regularly reviewed by Group Board. • Formal structures to intra-group agreements including Loans and Management Charges
Failure to invest adequately in Staff & Board Members	Impacting risk of loss of key staff members or Board Members, reduced capacity, service failure and potential lack of knowledge relating to regulatory environment.	• Investment in professional training • Regular staff survey • Retained people and culture expertise. • Board and Staff appraisal processes • Recruitment and succession policies.

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
BOARD REPORT

Financial performance

Group Accounts highlights, five-year summary:

For the year ended 31 March

	2025 £000's	2024 £000's	2023 £000's	2022 £000's	2021 £000's	2020 £000's
Comprehensive Income Statement						
Total turnover:	11,765	10,224	8,975	8,451	8,571	6,828
Income from social housing lettings	10,012	8,893	7,275	6,539	6,325	5,803
Operating surplus	3,653	2,654	2,449	1,756	2,181	1,811
Gain on acquisition	-	7,595	-	-	-	2,639
Surplus for the year	1,773	8,687	1,258	709	1,070	3,333
Other comprehensive income	13	(27)	(103)	96	(164)	130
Total comprehensive income transferred to reserves	<u>1,786</u>	<u>8,660</u>	<u>1,155</u>	<u>805</u>	<u>906</u>	<u>3,463</u>
Statement of Financial Position						
Housing properties net of depreciation	117,048	114,484	97,856	90,194	87,599	87,793
Financial assets	448	427	407	399	398	396
Other fixed assets	24	41	56	62	63	66
Net current assets	<u>(1,900)</u>	<u>1,918</u>	<u>1,668</u>	<u>703</u>	<u>810</u>	<u>1,441</u>
Total assets less current liabilities	115,620	116,870	99,987	91,358	88,870	89,696
Creditors (greater than one year)	<u>(82,353)</u>	<u>(85,389)</u>	<u>(77,325)</u>	<u>(72,778)</u>	<u>(71,095)</u>	<u>(72,827)</u>
Net Assets	<u><u>33,267</u></u>	<u><u>31,481</u></u>	<u><u>22,662</u></u>	<u><u>18,580</u></u>	<u><u>17,775</u></u>	<u><u>16,869</u></u>
Reserves	<u><u>33,267</u></u>	<u><u>31,481</u></u>	<u><u>22,662</u></u>	<u><u>18,580</u></u>	<u><u>17,775</u></u>	<u><u>16,869</u></u>
Housing properties owned at year end:						
Social housing	1,559	1,530	1,343	1,262	1,255	1,236
Statistics:						
Operating margin	31.0%	26.0%	27.3%	20.8%	25.5%	26.5%
Rent losses (<i>voids and bad debts as a % of rent and service charges receivable</i>)	1.22%	0.86%	0.70%	0.90%	0.70%	0.6%
Rent arrears (<i>gross arrears as % of rent and service charges receivable</i>)	2.74%	2.48%	1.45%	1.40%	1.5%	1.3%
Historic Cost Gearing (<i>loans less cash as % historic cost of completed properties</i>)	30%	32%	31%	29.50%	30.3%	31.4%
Interest cover (<i>operating surplus as % of net interest payable</i>) *	192.9%	164.4%	203.2%	167.7%	196.3%	162.1%

ENGLISH RURAL HOUSING ASSOCIATION LIMITED

BOARD REPORT

* This interest cover definition used above is not adjusted for capitalised interest and non-cash items such as depreciation and is, therefore, different from the definitions used for the loan covenants and VFM Metrics on pages 18 and 24.

The Board reports a surplus for the year of £1.8m (2024: £8.7). The reduced surplus reflects the consolidation gains of £7.6m included for 2024 and underlying growth in pre- interest operating surplus year on year was £1m

Treasury management

Undrawn, fully secured, borrowing facilities of £23m are available through Santander via a £32m facility that runs to July 2027, by which point it is anticipated that up to £25m would have been drawn. At the present time, security capacity, beyond that required for existing drawn and undrawn facilities is estimated at £49m presenting a potential basis for increasing or refinancing of existing or arrangements in the event that business and treasury strategy reviews indicate such action would be beneficial. The latest revision to the financial business plan has further increased assumptions relating to long term average reference rates from 3.75% to 4.0%.

Performance against the interest cover loan covenant, as shown below, has increased this year in line with expectations and is comfortably in excess of existing covenant requirements. Performance against the gearing measure used for covenants has reduced slightly, reflecting the reduction in net debt as in year development expenditure reduced in year as there were fewer schemes were on site and cash balances were utilised. Development expenditure is expected to increase in 2025/26 as a number of planning applications have now been approved. The calculation of these metrics reflects funders requirements and differ from values outlined under RSH value for money performance metrics.

English Rural Housing Association Only:

Covenant Definition	Tightest Covenant	2024/25	2023/24
Interest cover – adjusted for major repairs, capitalised interest and excluding surpluses/deficits on sale of assets	Greater than 110%	154%	129%
Gearing – net borrowings / historic cost of completed properties,	Less than 50%	30%	31.6%

Cash flows are shown in the Statement of Cash Flows on page 41. This shows that £5.9m (2024: £2.5m) of cash was generated from operations. Net borrowing reduced in the year by £3.3m, in part as newly 'pooled' cash became available from the previous year transfer of The Cambridgeshire Cottage Housing Society balances. And overall cash held reduced from £3.8m to £1.2m. Operating cash surpluses were further used to fund investment in replacement components in existing homes of £1.1m (2024 : £0.9m) and new homes of £4m (2024 : £8.5m) .

Future performance

English Rural's purpose of providing and managing affordable rural housing is as relevant as it ever has been, with strong demand for our existing homes and lack of new affordable homes being built in many rural areas. And given the Governments ambitions significantly grow the UK's stock of housing over the coming years; English Rural's Advocacy for meeting housing needs in rural areas is particularly important in ensuring an adequate share of resources is applied to this need. The Business Strategy continues to prioritise the ambition to allocate financial capacity so that more affordable homes can be developed as well as to invest in existing homes and services. English Rural is aware of potential cost

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
BOARD REPORT

pressures arising from the Government's carbon reduction targets and will always prioritise investment in existing stock by ensuring that sufficient provision is included in the financial business plan.

The strategy will be underpinned by continued assurance of:

- A strong governance framework, running from the Board throughout the organisation;
- A robust approach to risk management, balancing risks and rewards and ensuring that conscious decisions are made around the risk appetite;
- Strong and continued advocacy for affordable rural housing, working with partners and other influencers, including providing support services to peers.

The 2025 financial business plan, approved by the Board, assumes full provision for the funding of the approved development programme, maintenance identified in the latest stock condition survey, provision for investment in carbon reduction measures and demonstrates that all existing funding covenants are met.

Value for Money

Approach to Value for Money (VfM)

With continued demands on housing sector resources, be that high inflation, lack of opportunities to build new affordable homes or the increasing need to invest in energy improvement and safety measures, being effective and efficient with available resources is of paramount importance. English Rural's business model is built on ensuring that services to existing residents are fully funded and that future developments are appropriately appraised for financial viability.

During the year, English Rural have continued to focus on maximising the benefits of recent consolidations and this focus has included a comprehensive review of repairs procurement and grounds maintenance provision. The consolidations have also enabled a modest reduction in net borrowing over the year enabled by the consolidation of previously, separately pooled cash balances. Over the coming year significant focus will be placed on the implementation of new Housing Management and General Ledger systems which as well as helping to achieve greater reporting capabilities are expected to improve back-office efficiencies and so help to limit the growth in administrative costs as the organisation continues to develop new properties.

Given the shift in the economic and political environment over recent years, English Rural, like other housing providers faces greater constraints on what it can achieve than it may have had historically and must make difficult decisions on how resources are deployed. However, the consolidations with other organisations over recent years have helped create an overall leaner cost base and a stronger balance sheet for the combined entity and the Board remains open to considering similar activity in future years where value for residents through cost and service delivery can be enhanced. This will also further support the delivery of new much needed homes, which remains a key strategic ambition.

During the year, English Rural has again been able to deliver social rented stock and has 15 further social rented units in its current pipeline. Given the increasingly high cost of rural accommodation, social rent is particularly valuable in supporting communities and English Rural will continue to work with partners to deliver more.

As a Group, English Rural continues to progress a strategy of phased disposal and replacement of the aged, economically unviable stock which was acquired through the integration of TCCHS, and these actions are reflected in the latest financial business plan.

Challenges to delivering VfM

- English Rural only builds and manages homes in smaller rural communities. These schemes are relatively small, with homes per scheme typically numbering between two and twelve. Building costs can be high due to the cost of supplying infrastructure, as schemes are built on land initially without utilities, access or drainage. Continued inflationary pressures are exacerbating these issues, along with increased variable borrowing costs.
- Although English Rural has excellent relationships with the local councils and parishes in areas it operates, there is often considerable local resistance to homes being built in small rural villages. Mostly these concerns are alleviated through positively engaging and communicating with the local residents, but this does take time, and means that a typical scheme can take between five and 10 years from start to finish, requiring significant staff time to deliver each project and a need to carefully manage the point of contractual commitments to retain flexibility in the event of economic shock.

- Although increasing in scale overall, English Rural operates in many local authority areas across the country, making efficient delivery of services more challenging. That said, average social housing cost per unit continues to compare well to the Sector as a whole.

Opportunities to delivering VfM

- As a specialist in affordable rural housing, English Rural will often build and manage social housing in locations that other housing associations would dismiss as too difficult or too small. This is a key differentiator for English Rural in delivering value to rural communities.
- The Board recognises its role in being an advocate for rural communities and rural housing. It achieves this through influencing policies at a local and central government level. This can have real benefit to current and future residents by protecting and promoting the investment in rural housing and services. It also supports a positive policy framework for English Rural and others like us to operate within.
- English Rural continues to work with and support smaller like-minded housing associations, sharing best practice through the Acuity South West Benchmarking Club and where opportunities arise; helping them deliver homes and services. Historically, such engagements have facilitated ultimate mergers and English Rural remains open to these growth opportunities. Formal mergers and transfers are only considered where there is a strong financial business case that enhances underlying performance, better delivers purpose and strategic ambitions. And safeguard the interests of the smaller rural providers and their residents within an organisation with shared culture and values.

English Rural's VfM Strategy can be summarised as the ability to effectively mobilise and prioritise investment to deliver on its agreed purpose, whilst using capacity and resources more efficiently. To understand how well it does this, it is important that there are easy to measure targets and outcomes. A set of performance indicators has been agreed by the Board in a "Business Health Dashboard," and this is reported on monthly and reviewed at each board meeting. These indicators include both financial and non-financial outcomes, some of which, together with some of the VfM Standard Metrics below, should provide a clear indication of how English Rural is performing in delivering VfM against its strategic ambitions.

VFM Standard

The Value for Money (VfM) required outcomes by the Regulatory Standards are that housing association providers registered with the Regulator of Social Housing (RSH) must:

- (a) Clearly articulate their strategic objectives.
- (b) Have an approach agreed by the Board to the achievement of VfM in meeting those objectives and the demonstration of the delivery of VfM to stakeholders.
- (c) Through strategic objectives to articulate the Board's strategy for delivering homes that meet a range of needs.
- (d) Ensure that optimal benefit is derived from resources and assets to secure economy, efficiency and effectiveness in the delivery of strategic objectives.

The VfM Standard requires housing associations to report on the range of measures defined by the RSH. These, along with association bespoke metrics and relevant commentary on the performance relative to peers and internal targets assist stakeholders in understanding the overall efficiency and effectiveness of the specific association in delivering to its strategic objectives. A number of metrics have been referenced in the strategic report above and others are reported upon in the table below along with the measures outlined in the regulatory standard.

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
BOARD REPORT

The table includes sector wide figures for all English providers with over 1,000 units as reported by the RSH. Also included for comparison are results from providers with up to 2,500 units, where those are primarily general needs homes, where those providers have a minimum of 75% 'General Needs' properties. This is intended to exclude providers which have a greater emphasis on support or other specialist services and therefore tend to have higher costs as a result. In addition, English Rural participates in the South West Benchmarking Group, which whilst it includes a number of smaller associations does share many of the rural challenges and strategic ambitions of English Rural. All RSH comparatives reflect the reporting year to March 2024.

English Rural's strategic approach to VfM is evidenced in the Business Strategy 2021-26. Performance indicators which the Board consider key to demonstrating whether VfM is being delivered to stakeholders, through the Business Strategy are:

- **New Supply Delivered (VfM Standard Metric)**

As a specialist rural housing association, English Rural takes responsibility for adding new supply of homes in rural communities. This allows residents to remain close to their support networks and places work as well as providing an essential boost to the local economy and reducing rural disadvantage. The lack of affordable rural housing continues to be a huge problem and with rising living costs, demand for affordable homes is only likely to increase. English Rural remains committed to using its resources in both the direct delivery and the promotion and support to others to deliver affordable housing development across rural communities. Performance was maintained in the year at the medium-term average target of 2%, reflecting 31 new homes.

- **Operating Margin - social housing lettings only (VfM Standard Metric)**

A key indicator of English Rural's underlying efficiency and ability to support debt levels. Margin growth over time shows that residents' rent payments are being used efficiently and sufficient funds are available for longer term investment to support improvements to existing homes as well as to support new supply. The latter being particularly relevant given the likely additional costs arising from the Government's carbon reduction initiatives. In addition to internal efficiencies, English Rural has sought over recent years to expand its operations through partnering and transferring the interests of smaller rural housing associations

- **Reinvestment % (VfM Standard Metric)**

Aligned to the key strategic objective to deliver more homes, this indicator can also demonstrate English Rural's commitment to investing in its existing homes. English Rural's level of investment in existing properties is increasing, as planned, reflecting that a significant number of properties are now reaching an age where components are needing replacing. We are aware, from resident feedback, of the importance of this investment and providing them with value. Full provision has been made for embedded inflationary impact on component costs from recent periods along with the need to improve carbon efficiency ratings of existing homes in the latest financial business plan.

- **% Homes above EPC C (Bespoke Metric)**

Linked to the above, through agreed Business Strategy, the Board has set an ambitious approach to improving the environmental performance of homes. This approach is driven by a desire to reduce the carbon impact of homes provided, whilst lowering running costs for residents. English Rural has made good progress through several successive programmes of retrofit activity. Moving forward, improved data now being captured will help to inform value for money gains associated with this even more. To support this initiative, English Rural has partnered with an experienced lead contractor to deliver necessary works within government targeted timeframes.

- **Number of complaints (Bespoke Metric)**

Fundamental to the agreed strategic ambitions are the quality of services provided to residents and that residents have an effective voice and route to recourse when things go wrong. Listening to residents and in particular learning from complaints positively helps us to deliver services more effectively, efficiently and in a way that meets customer needs. English Rural promotes the complaints process to residents, seeing this exchange as a way of securing helpful insights into how improvements can be learnt. Over recent years the Group Audit & Risk Committee has also played a role in monitoring complaints, and through them the Board has a direct line of sight into complaints and complaints handling.

- **% Spend on Advocacy (Bespoke Metric)**

English Rural has developed a brand and profile which continues to position it at the fore of conversations around affordable rural housing. The strategic commitment to fulfilling this advocacy role based on the positive outcomes secured that aid wider strategic delivery, and that of others with aligned purpose. Independently and increasingly through collaboration, English Rural has ensured that the voice of rural housing associations and broader rural interest group is heard. Positive opportunities have emerged, including better access to grants, investment in local enabling and over recent years, direct opportunities that have supported growth. e.g. mergers, transfers and development, particularly in support of smaller associations increasingly challenged in the 'rural' context. The Board continues to recognise and support the positive and impactful value for the sector and residents achieved by the role it plays in advocating for rural communities.

Value for Money Metrics (Group)								
Metric	English Rural 22/23	English Rural 23/24	English Rural 24/25	Target 24/25	Target 25/26	Longer Term Target (5 Years)	Median RP's < 2,500 units*	Median All RP's > 1,000 units*
Regulatory VFM Metrics:								
Reinvestment %	7.3%	8.2%	4.4%	8.2%	10.8%	7.0%	4.1%	7.7%
New supply delivered %:								
A. New supply delivered (Social Housing)	1.30%	2.1%	2.0%	2.0%	1.0%	2.0%	0.3%	1.4%
B. New supply delivered (Non-Social Housing)	0%	0%	0.0%	0.0%	0%	0%	0%	0%
Gearing %	34.7%	36.7%	34.3%	35.4%	37.0%	38.0%	36.0%	45.6%
EBITDA MRI Interest Cover	184%	131%	166%	169%	133%	134%	148%	122%
Headline social housing cost per unit	£3,644	£3,825	£4,058	£4,189	£4,544	£5,141	£4,870	£5,136
Operating Margin %:								
Operating Margin (social housing lettings only)	21.4%	24.3%	25.9%	24.7%	22.0%	27.0%	22.0%	20.4%
Operating Margin (overall)	22.1%	20.9%	24.6%	23.9%	23.0%	27.0%	20.4%	18.5%
Return on capital employed	2.4%	2.3%	3.2%	3.3%	2.4%	2.8%	2.4%	2.8%
Bespoke VFM Metrics							Benchmark (where available)	
% of homes above EPC C	69%	69%	69%	73%	73%	100%	75%**	
% Overhead spend of advocacy	3.00%	3.33%	3.2%	>3%	>3%	>3%	N/A	
Number of complaints	12	17	16		The reduction in compliants is welcomed and can be one indicator of satisfaction trends. More detailed information reflected below, with the benefit of wider Tenant Satisfaction Metric(TSM) trends			
* benchmarks refelect VFM metrics for year ending 2023/24, per global accounts data								
* maximum units < 2500 with minimum GN of 75% (27 Providers)								
** National Smaller Housing Association Club Median (49 Respondents)								

Commentary - Regulatory VFM Metrics

The table above includes benchmark median references to registered providers in the sector with over 1000 units as a whole as well as providers with more than 2500 properties where greater than 75% of these are general needs. As a small-medium provider with a relatively broad geographical spread, it is challenging to find a peer group which truly suits, however these comparatives do provide some context to how English Rural performance trends in relation to the sector, but should also be considered in the context of the variation to targets that are set as part of English Rural's own strategic objective setting.

Re-investment (Efficiency) – 4.4% versus 4.1% benchmark* (24/25 Target 8.2%)

Amber

This measure combines both investment in existing homes, to ensure they remain safe and comfortable places to live, as well as providing capital for the development of much needed new homes. Over the course of the year over £4m was invested in new homes development and over £1m in works to existing properties. The work on existing properties was broadly in line with the plans which contributed to the target. However, delays in planning agreements resulted in £3.7m delayed expenditure on new homes and consequently the variance overall. The planned expenditure has been carried forward into future years. The expectation that the investment delayed in 2024/25 will proceed in future years reflects the amber performance rating.

Plans to meet strategic target:

- The latest financial business plan includes delivery of 146 new affordable homes over the next five years, from over £36m of gross expenditure, including the 'catch up' from 2024/25.
- Following the third party, detailed stock condition survey completed in 2023, a minimum of 20 % annual cyclical internal surveys are being undertaken, to provide assurance that investment is appropriately targeted and funded within the annual business plan and inform long term investment policy.

New supply delivered (Effectiveness) – 2.0% versus 0.3% benchmark (24/25 Target 2.0%)

Green

Despite challenging economic conditions and the delays in starts on site, English Rural delivered 31 much needed affordable homes during the year including seven shared ownership properties and the ongoing commitment to new homes delivery continues to be prioritised in the strategic objectives outlined by the Board. have agreed to target average unit growth equivalent to 2% over the next five years and a provision for this has been made in the latest revision of the financial business plan.

Plans to meet strategic target:

- The board has maintained the commitment to 2% organic unit growth in the business plan approved in May 2025
- Existing pipeline of 37 units on site or in contract with a further 49 homes from named and targeted areas and funding provision in the latest business plan for an additional 60 by 2030.

Gearing (Efficiency) – 34.3% versus 36.0% benchmark (24/25 Target – 35.4 %)

Amber

The current gearing of 34.3% is in line the median for English Rural's size. The slowed level of development has impacted the degree of reduction in the year; however, it is expected to increase again in 2025/26 in support of further growth. and reflects the commitment to an active development programme, supported by our financial and security capacity. Over the next five years, English Rural will continue to appropriately leverage its strong asset base, and the gearing ratio is projected to peak at 39% and debt per unit £35k during that period. Performance is flagged as amber to reflect that the lower level is linked to the delayed development.

**EBITDA MRI Interest Cover (Efficiency) – 166% versus 148% benchmark
(24/25 Target 169%)**

Green

Performance against this interest cover metric has increased year on year, in part, driven by a higher proportion of net first tranche sales income. This is now expected to slip back towards an average of 134% in support of higher investment in environmental works to existing homes.

Plans to meet strategic target:

- Three year investment programme in energy efficiency works provided for in updated financial business plan.
- Continued openness to opportunities to grow through partnerships with like-minded organisations to increase underlying efficiency.
- Re-procurement of a range of services in 2025/26 including some property services and Insurances
- Ongoing review of the development programme to ensure viability and the maintenance of a high degree of uncommitted expenditure during higher interest rate periods.

**Headline social housing cost per unit (Economy) - £4,058 versus £4,870 benchmark
(24/25 Target £4,189)**

Green

When looked at as a comparative figure, English Rural continues to perform well in this area when compared to sector and peers. However, also key is how the underlying figure reflects planned expenditure and investment capacity. Over the next five years, with the continuation of the cycle of kitchen and bathroom replacements and increased expenditure on improving environmental credentials, we anticipate the average cost per unit to increase to £5,141 with the primary driver being increased investment in existing homes.

Operating Margin % (Efficiency)

Social housing – 25.9% versus 22% benchmark (24/25 Target 24.7%)

Green

Social housing margins have increased from last year and exceeded budgeted target on the back of improved rental performance and despite increase void costs arising from delayed void repairs and subsequent re-lets. Optimising relet times continue to be a focus of the Resident Services team. Short term challenges including investment in IT infrastructure and increases in Insurance cost will hold performance back in the short term but with social housing operating margin projected to average 27% over the next five years, overall performance continues to present positively compared to peers.

Plans to meet strategic target:

- Regular review of procurement policy for repairs and maintenance.
- Continued openness to opportunities to grow through partnerships with like-minded organisations to increase underlying efficiency.
- Strong budget management and cost control.

Overall – 24.6% versus 20.4% benchmark (24/25 Target 23.9%)

Green

For English Rural, the variance between Social Housing and overall has historically reflected the level and margin available from first tranche shared ownership and market sales. English Rural is not currently planning any market sales activities and this, along with the reduced scale and mix of shared

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
BOARD REPORT

ownership sales activity, is expected to closely align the performance of these two metrics over the coming years.

**Return on capital employed (Efficiency) – 3.2% versus 2.4% benchmark
(24/25 Target 3.3%)**

Green

The headline Return on Capital Employed (ROCE) is above the 23/24 figure (2.3%) and the latest sector benchmarks, having benefitted from the positive margin / return variances outlined above.

More generally and despite being above most recent sector levels, English Rural's ROCE is influenced by its relatively proportion of shared ownership properties owned and the fact that the historic model of shared ownership sold by English Rural was intended as an affordable product in high-value rural areas. Because of this, the model charges very low rents on the retained shares, and consequently, secures lower returns. We anticipate a return to a lower average of 2.8 % over the coming five years, which may well slip slightly lower than the sector median. English Rural will however continue to prioritise its delivery of Rural Exception Sites as these are important for achieving agreed purpose and business.

Plans to meet strategic target:

- Some underlying improvement will arise from the introduction of more contemporary shared ownership lease modes for new schemes and a review of policy applied to support existing shared ownership homes.

Commentary - Other strategic Value for Money measures

The value of reporting on VfM targets annually is that it allows English Rural to be open about the progress it has made, as well as the lessons that have been learnt and how these have impeded planned for targets. Alongside publishing a separate VfM Statement and sector standard metrics, bespoke VfM metrics are also considered relating to agreed business strategy and purpose. Striving towards delivering these VfM aims continues to make English Rural a more efficient and effective organisation, delivering additional outputs using the same or less resource. Importantly achieving this without compromising quality of services or our offer. The separate annual VFM Statement report is available to view on English Rural's website [\[insert link when live\]](#). This provides more detail on a wider range of VfM measures and initiatives which are used to demonstrate achievement against the overall Business Strategy.

An update on key bespoke VfM metrics is supplied below:

**% of homes above EPC C (Economy) – 69% versus 75% benchmark
(Target by 2030 - 100%)**

Amber

There is an expectation on English Rural to secure a C or above rating on all homes by 2030, unless specific exemptions apply. Although there has been limited change during the year in terms of score; a significant amount of work has been completed in planning and procuring for a major push over the coming three years and English Rural have been allocated over £1m of warm homes grant to be drawn down over the next three years to make this a reality. Over recent years the value in delivering this ambition has been increasingly beneficial, not only for the environment, but for residents facing higher energy costs, cost-of-living pressures and negative outcomes emerging from poorly heated and ventilated homes. This inability to afford to heat homes also increases the likelihood of condensation and damp and mould issues, leading to higher management and maintenance costs. This is also a key target in support of strategic objective 8, to; "Develop homes, services and operations in a sustainable and environmentally responsible way"

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
BOARD REPORT

Plans to meet strategic target:

- Roll out of three year programme of works, supported by Warm Home Fund grant
- Continued alignment to Board Sponsored sustainability strategy to ensure progress is made.
- Embedded within Asset Management Strategy, including post cyclical survey prioritisations
- Financial provision within financial business plan.

% Spend on advocacy (Effectiveness) – 3.2% (Target >3%) no benchmark

Green

Through the Business Strategy the Board continue to support the ambition that English Rural plays a leading and influential role in the sector. In response to this ambition English Rural has developed a brand and profile beyond what would typically be expected for an organisation of its type and size. During significant engagement with politicians and senior government officials, which has been particularly important given the Governments declared intentions regarding significant investment in new homes. It is hoped that these interactions will secure further benefit and value for English Rural and its peers through a more positive environment in which to deliver affordable rural homes. There is no easy benchmark to compare this measure against given its bespoke nature. The measure references the proportion of overhead costs which can be associated with advocacy related activities.

Plans to meet strategic target:

- Continue to deliver Communications Strategy, mobilising internal resources, whilst making these go further through effectively collaboration with others.

Number of complaints (Efficiency) – 16 (Target <10) no benchmark

Amber

This metric reflects the number of stage one complaints received in the year and has been used historically as an indicator of the underlying English Rural's performance against resident expectations. A detailed report is available on the website which confirms over 90% of complaints received in calendar year 2024 were resolved at stage one. No business likes to receive complaints, but when they happen an outcome that delivers value is to learn from them. The introduction of Tenancy Satisfaction Metrics (TSM's) has supported a broader assessment of resident feedback, and these results are also reported on the website. Complaint volumes, which only reduced marginally from 17 in 2023/24 to 16 for the reported year; however, overall resident satisfaction increased from 74% to 77% and repairs and maintenance satisfaction increased from 70% to 79%. These examples reflect the focus English Rural places on resident feedback regarding service value and our efforts to convert this into actions which make a difference. Although repairs satisfaction itself improved, the main cause of dissatisfaction remains time taken to complete a repair and this is now a key focus of the Team. Broader details of TSM performance are available on the English Rural's website

Plans to meet strategic target:

- Continual review of improvement opportunities in the responsiveness of repairs providers and potential expansion of contracts
- Oversight of all complaints by Audit and Risk Committee (ARC), review and reporting of Tenancy Satisfaction Metrics to ARC and main Board.
- Delivery of Resident Engagement Strategy and renewed focus initiated at board level through facilitated awayday discussion.

Governance Report

Board Members and Executive Officers

The present Board Members and Executive Officers are set out on page 1. The Board comprises up to twelve non-executive members and is responsible for the strategy and viability of the Association. Board Members are drawn from a wide background bringing together professional, commercial, and other relevant experience. The Board met five times during the year for regular business to discuss strategy and related matters. There are two governance committees, one dealing with audit and risk and the other with finance and resources, which each meet as required. Separately, the Board establishes ad-hoc Task & Finish Panels when they are necessary, during the year these were established to support merger and transfer opportunities, as well as the external board effectiveness review.

All members of the Board hold one share of £1 each in the Association and no member had any interest in any contract or arrangement with the Association .

Board Responsibilities & Governance

Governance framework

As well as a broad range of skills and experience, the Board's decisions are informed by the expertise and scrutiny provided by the executive team and committee structure. The Board and the committees are governed and supported by English Rural's rules, standing orders and financial regulations (SOFRs) that provide a formal, structured framework for decision-making. The SOFRs are regularly updated, including a comprehensive update completed during the current year. Committees have been strengthened through independent specialist membership and wider Group representation. The Association's rules are based on the 2015 National Housing Federation Model for housing associations and were reviewed and adopted in 2020.

English Rural is committed to maintaining the highest standards of governance, accountability and probity, and seeks to comply fully with its adopted Code of Governance, that of the National Housing Federation (NHF) (2020). A requirement of the regulatory framework is the reporting of any areas of non-compliance with the selected Code of Governance. There have been no areas of non-compliance during the year. The Board has considered the National Housing Federation's voluntary Code on Mergers, Group Structures and Partnerships and has adopted a version of the code tailored to the circumstances of English Rural.

This governance structure is supported by a comprehensive internal audit function and regulatory framework process. The executive team is responsible for the implementation of English Rural's strategy.

Compliance with the Governance and Financial Viability Standard

The Board has reviewed the requirements of the Regulator's Governance and Financial Viability Standard and, having carried out a self-assessment against the Standard, have confirmed that the Association continues to meet its requirements. The Board consider the following measures as fundamental to on-going compliance:

- In respect of English Rural Housing Association , from 1 April 2022, the adoption of the NHF revised Code of Conduct and Code of Governance (2020); with an annual review of compliance. As a commercial entity and not a Registered Provider, the Code is not considered appropriate by ER Homes Ltd Board, although in accordance with Group Board Membership Policy which covers fundamentals embedded within the Code, ER Homes is expected to adopt a proportionate approach.

ENGLISH RURAL HOUSING ASSOCIATION LIMITED

BOARD REPORT

- An effective Board committed to the principles of good governance, with regularly external appraisals to advise on and validate board performance;
- Regular succession and skill planning, ensuring the Board maintains the right level of skills and culture for the organisations type and business objectives;
- Standing Orders and Financial Regulations establishing and delegating roles and responsibilities, which are reviewed annually by the Board;
- A dynamic risk management framework with an agreed risk appetite and detailed risk map;
- Basing decisions on sound advice from the executive team and third-party experts;
- A long-term financial business plan supporting agreed Business Strategy. The financial business plan having been robustly stress tested against likely scenarios and multiple perfect storm scenarios, including on-going economic volatility. With mitigating actions considered and articulated through an agreed Recovery Plan prepared in readiness were there to be a need to take corrective financial actions;
- The use of “Golden Rules” and Covenant ‘Buffers’ to act as early warning signs for any corrective actions;
- Compliance with lender covenants, with the Board monitoring compliance on a quarterly basis;
- A “Business Health Dashboard” in place that considers key performance measures, including compliance with health and safety requirements;
- Sufficient liquidity to meet contractual commitments;
- A robust annual budget setting process for both revenue and capital elements;
- Sufficient capacity within agreed financial parameters (headroom) to meet strategic ambitions, including growth by developing new affordable homes;
- An effective system of internal controls which are continually tested by a risk based programme of internal audit;
- A published confidential reporting arrangement accessible to all Board and staff;
- Control over the strategy of commercial subsidiary, ER Homes Ltd, with a high degree of understanding of subsidiary activities and their impact on the Group;
- Regular reports from the executive team and third parties on compliance with RSH standards, and timely submission of returns;
- An asset and liability register compliant with the expectations of the Governance and Viability Standard, reported on annually;
- A fraud register and declarations of interest register reviewed annually by the Group Audit & Risk Committee;
- A formal structure and approach for involving residents within the governance of the Association, including a robust approach to handling resident complaints that involves the Group Audit & Risk Committee;
- and an annual review of compliance against all the Regulatory Standards, considered by the Group Audit & Risk Committee and reported on to the Board;
- An agreed Investment Policy that is regularly updated.

The Board notes that English Rural’s Regulatory Assessments of G1 (for Governance) and V2 (for Financial Viability) were renewed during the year. This confirmed that English Rural continues to meet the requirements on governance and viability set out in the Governance and Financial Viability Standards

Going concern

The Board has considered and continues to review the impact of economic and political uncertainties. The latest financial business plan assumptions were approved by the Board in May 2025 to include provision for ongoing cost inflation, revised stock maintenance costs, including energy compliance and longer term higher interest rates. It was thoroughly stress tested and is considered to demonstrate that the Association remains financially viable.

ENGLISH RURAL HOUSING ASSOCIATION LIMITED

BOARD REPORT

The Association has sufficient resources (including £23m of undrawn committed facilities and £1.2m of cash as at 31 March 2025) to finance committed development programmes, along with the Association's day to day operations. The Association also has a long-term financial forecast, which shows that it can service these debt facilities whilst continuing to comply with lenders' covenants.

On this basis, the Board has an expectation that the Association has adequate resources to continue in operational existence for the foreseeable future, being a period of at least twelve months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Data protection & confidentiality

The Board have approved a Data Protection & Confidentiality Policy which ensures that English Rural complies with the General Data Protection Regulation (GDPR). The organisation had deployed cyber risk protection tools within its IT infrastructure and maintains a cyber response plan

Appointment of external auditors

A resolution to reappoint Forvis Mazars LLP for the coming year will be presented at the forthcoming Annual General Meeting.

Statement of the Board's Responsibilities in Respect of the Accounts

The Co-operative and Community Benefit Societies Act 2014, and registered social housing legislation require the Board to prepare financial statements for each financial year which give a true and fair view of the state of affairs of English Rural Housing Association Limited ("the Association") and of the surplus or deficit for that period.

In preparing those financial statements, the Board is required to: -

- select suitable accounting policies and apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Association will continue in business.

The Board is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Association and enable it to ensure that the Financial Statements comply with the Co-operative and Community Benefit Societies Act 2014 and the Accounting Direction for Social Housing in England from April 2015. The Association is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102.

The Board is also responsible for safeguarding the assets of the Association and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Assessment of the effectiveness of internal controls

The Board acknowledges its ultimate responsibility for ensuring that the Association has in place a system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and to provide reasonable assurance against material financial misstatement or loss. The Association has a Group Audit and Risk

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
BOARD REPORT

Committee to assist and advise the Board in the audit and risk management processes. Key elements of the Committee's role include ensuring that:

- formal policies and procedures are in place, including the documentation of key systems and controls and a summary of delegated authorities, which ensures a strong control environment and enables the monitoring of these controls.
- Robust strategic and business planning processes, with detailed financial budgets and forecasts, are prepared which enable the Board to monitor the key business risks and financial objectives. Regular management accounts are prepared promptly, providing relevant, reliable and up-to-date financial and other information. Significant variances from budgets are investigated as appropriate.
- all significant new initiatives, major commitments and investment projects are subject to formal authorisation procedures.
- A sophisticated approach to treasury management is in place, which is subject to external review each year.
- Regular monitoring of loan covenants and requirements for new loan facilities.
- the Board and the Audit and Risk Committee reviews reports from the Executive Management Team, from the internal auditors and the external auditors with a view to obtaining reasonable assurance that control procedures are in place and are being followed.
- Board approved fraud policies, covering prevention, detection and reporting, together with recoverability of assets.
- Clearly defined management responsibilities for the identification, evaluation and control of significant risks; and
- weaknesses identified from the above reports are discussed with management and addressed by the Board.

The Board has reviewed, on an ongoing basis with the external auditor, the effectiveness of the system of internal control in existence at the Association for the year ended 31st March 2025 and until the date of approval of the annual Financial Statements. No weaknesses were found in internal financial controls that resulted in material losses, contingencies or uncertainties that require disclosure in the Financial Statements or in the auditor's report on the Financial Statements.

So far as each of the directors at the time the report is approved are aware: a) there is no relevant audit information of which the auditors are unaware and, b) that they have taken all the steps they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

The Board has received an annual report from the Association's Executive Team and Group Audit & Risk Committee confirming they have reviewed the effectiveness of the system of internal control throughout this year and have taken account of any changes needed to maintain the effectiveness of the risk management and control processes. This Board Report was approved on 24 July 2025 and signed on its behalf by order of the Board.

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
BOARD REPORT

Chairman

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke, positioned above a solid horizontal line.

Date: 29-Jul-2025

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS

Independent auditor's report to the members of English Rural Housing Association Limited

Opinion

We have audited the financial statements of English Rural Housing Association Limited (the 'Parent Association') and its subsidiary, ER Homes Limited (the 'Group') for the year ended 31 March 2025 which comprise the Group and Association Statement of Comprehensive Income, the Group and Association Statement of Financial Position, the Group and Association Statement of Changes in Reserves and the Group and Association Statement of Cash Flows 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 FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion, the financial statements:

- give a true and fair view of the state of the Group and Parent Association's affairs as at 31 March 2025 and of Group and Parent Association's surplus for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of 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.

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 are independent of the Group and Parent 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Boards' 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 Group and Parent 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 with respect to going concern are described in the relevant sections of this report.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The Board are responsible for the other information contained within the annual report. 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.

ENGLISH RURAL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

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

In light of the knowledge and understanding of the Group and Parent Association and its environment obtained in the course of the audit, we have not identified material misstatements in the Board of management report.

We have nothing to report in respect of the following matters in relation to which the Co-operative and Community Benefit Societies Act 2014 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Board's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of the Board

As explained more fully in the Statement of the Boards' Responsibilities statement set out on page 31, 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 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 Group and Parent 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 Group and Parent 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 the financial statements.

The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.

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.

Based on our understanding of the Group and Parent Association and its industry, we considered that non-compliance with the following laws and regulations might have a material effect on the financial statements: employment regulation, health and safety regulation, anti-money laundering regulation.

ENGLISH RURAL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

To help us identify instances of non-compliance with these laws and regulations, and in identifying and assessing the risks of material misstatement in respect to non-compliance, our procedures included, but were not limited to:

- Inquiring of management and, where appropriate, those charged with governance, as to whether the Group and Parent Association is in compliance with laws and regulations, and discussing their policies and procedures regarding compliance with laws and regulations;
- Inspecting correspondence, if any, with relevant licensing or regulatory authorities;
- Communicating identified laws and regulations to the engagement team and remaining alert to any indications of non-compliance throughout our audit; and
- Considering the risk of acts by the Group and Parent Association which were contrary to applicable laws and regulations, including fraud.

We also considered those laws and regulations that have a direct effect on the preparation of the financial statements, such as tax legislation, the Co-operative Community Benefit Societies Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social housing 2022.

In addition, we evaluated the Board's and management's incentives and opportunities for fraudulent manipulation of the financial statements, including the risk of management override of controls, and determined that the principal risks related to posting manual journal entries to manipulate financial performance, management bias through judgements and assumptions in significant accounting estimates, in particular in relation to income recognition (which we pinpointed to the cut-off assertion), and significant one-off or unusual transactions.

Our audit procedures in relation to fraud included but were not limited to:

- Making enquiries of the Board and management on whether they had knowledge of any actual, suspected or alleged fraud;
- Gaining an understanding of the internal controls established to mitigate risks related to fraud;
- Discussing amongst the engagement team the risks of fraud; and
- Addressing the risks of fraud through management override of controls by performing journal entry testing.

There are inherent limitations in the audit procedures described above and the primary responsibility for the prevention and detection of irregularities including fraud rests with management. As with any audit, there remained a risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations or the override of internal controls.

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

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS

Use of the audit report

This report is made solely to the Group and Parent Association's members as a body in accordance with Part 7 of the Co-operative and Community Benefit Societies Act 2014 and Chapter 4 of Part 2 of the Housing and Regeneration Act 2008. 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 Association's members as a body for our audit work, for this report, or for the opinions we have formed.

Forvis Mazars LLP

Forvis Mazars LLP
Chartered Accountants and Statutory Auditor

6 Sutton Plaza
Sutton Court Road
Sutton
Surrey
SM1 4FS

Date 31-Jul-2025

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS

GROUP AND ASSOCIATION STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 March 2025

	Notes	Group		Association	
		2025	2024	2025	2024
		£'000	£'000	£'000	£'000
Turnover	3	11,765	10,224	11,493	9,156
Cost of sales	3	(1,283)	(1,052)	(1,009)	(411)
Operating expenditure	3	(7,588)	(7,035)	(7,577)	(6,638)
Gain on disposal of housing properties		758	517	758	-
Operating surplus		3,652	2,654	3,665	2,107
Gift Aid		-	-	-	418
Fair Value Gain on Acquisition		-	3,875	-	3,875
Gain On Acquisition at Cost		-	3,720	-	3,720
Interest receivable and similar income	5	29	34	65	52
Interest payable and similar charges	6	(1,893)	(1,596)	(1,930)	(1,596)
Surplus before tax	8	1,788	8,687	1,800	8,576
Taxation	9	(16)	-	-	-
Surplus for the year		1,772	8,687	1,800	8,576
Other comprehensive income:					
Actuarial gain/(loss) in respect of pension scheme	20	13	(27)	13	(27)
Total comprehensive income for the financial year		1,785	8,660	1,813	8,549

All activities reported above, both in the current year and preceding year, relate to continuing activities.

The notes on pages 42 to 68 form part of these financial statements.

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS

GROUP AND ASSOCIATION STATEMENT OF CHANGES IN RESERVES
for the year ended 31 March 2025

	Notes	Group		Association	
		Revenue reserves	Total	Revenue reserves	Total
		£'000	£'000	£'000	£'000
Balance as at 31 March 2024		31,481	31,481	31,421	31,421
Surplus from statement of comprehensive income for the year		1,773	1,773	1,800	1,800
Other comprehensive income:					
Actuarial gain on pensions:					
Actuarial gain in respect of pension scheme	20	13	13	13	13
Balance as at 31 March 2025		<u>33,267</u>	<u>33,267</u>	<u>33,234</u>	<u>33,234</u>

The notes on pages 42 to 68 form part of these financial statements.

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS

GROUP AND ASSOCIATION STATEMENT OF FINANCIAL POSITION
as at 31st March 2025

		Group		Association	
		2025 £'000	2024 £'000	2025 £'000	2024 £'000
Fixed assets	Notes				
Social housing properties	10	117,048	114,484	117,048	114,484
Office equipment and leasehold improvements	11 (a)	16	20	15	20
Intangible assets	11 (b)	-	-	-	-
Financial assets	25	448	427	448	427
Long-term debtor	13	9	21	539	463
		<u>117,521</u>	<u>114,952</u>	<u>118,050</u>	<u>115,394</u>
Current assets					
Stock	12	901	1,640	315	1,095
Inter-company debtor	13	-	-	10	-
Trade and other debtors	13	600	882	600	884
Short term deposit		-	-	-	-
Cash and cash equivalents		<u>1,219</u>	<u>3,817</u>	<u>1,214</u>	<u>3,784</u>
		<u>2,720</u>	<u>6,339</u>	<u>2,139</u>	<u>5,763</u>
Less: Creditors: amounts falling due within one year	14	<u>(4,621)</u>	<u>(4,421)</u>	<u>(4,602)</u>	<u>(4,347)</u>
Net current (liabilities)/assets		<u>(1,901)</u>	<u>1,918</u>	<u>(2,463)</u>	<u>1,416</u>
Total assets less current liabilities		<u>115,620</u>	<u>116,870</u>	<u>115,587</u>	<u>116,810</u>
Creditors: amounts falling due after more than one year	15	<u>(82,353)</u>	<u>(85,389)</u>	<u>(82,353)</u>	<u>(85,389)</u>
Total net assets		<u>33,267</u>	<u>31,481</u>	<u>33,234</u>	<u>31,421</u>
Capital and reserves					
Non-equity share capital	16	-	-	-	-
Revenue Reserve		<u>33,267</u>	<u>31,481</u>	<u>33,234</u>	<u>31,421</u>
		<u>33,267</u>	<u>31,481</u>	<u>33,234</u>	<u>31,421</u>

The notes on pages 42 to 68 form part of these financial statements.

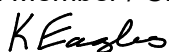
These financial statements were approved by the Board on 24th July 2025 and signed on its behalf by:



Mark Pragnell (Chair)

Graham Oliver

Graham Oliver (Board Member / Chair of Finance and Resources Committee)



Karen Eagles (Company Secretary)

ENGLISH RURAL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

GROUP AND ASSOCIATION STATEMENT OF CASH FLOWS
for the year ended 31st March 2025

	Notes	Group		Association	
		2025	2024	2025	2024
		£'000	£'000	£'000	£'000
Net cash generated from operating activities	19	5,873	2,481	5,941	3,368
Cash flow from investing activities					
Property expenditure		(5,109)	(8,523)	(5,109)	(8,451)
Capital grants received		1,292	1,058	1,292	1,058
Office equipment purchases		-	-	-	-
Investment in subsidiary		-	-	(76)	(454)
Proceeds from sale of tangible fixed assets		810	595	810	-
Cash gained on acquisition		-	770	-	2,162
Interest received		9	14	9	3
Net cash outflow from investing activities		(2,998)	(6,086)	(3,074)	(5,682)
Cash flow from financing activities					
Finance charges		(2,170)	(1,477)	(2,133)	(1,479)
Loan issue costs		-	-	-	-
Loans received		-	8,000	-	8,000
Loans repaid		(3,303)	(3,774)	(3,304)	(3,774)
Proceeds from issue of shares		-	-	-	-
Net cash inflow from financing activities		(5,473)	2,747	(5,437)	2,747
Net change in cash and cash equivalents		(2,598)	(857)	(2,570)	433
Cash and cash equivalents at beginning of year		3,817	4,674	3,784	3,351
Cash and cash equivalents at end of year		1,219	3,817	1,214	3,784

The notes on pages 42 to 68 form part of these financial statements.

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st March 2024

1. Legal status

The Association is registered under the Co-operative and Community Benefit Societies Act 2014 and is also registered with the Regulator of Social Housing as a Registered Provider as defined by the Housing and Regeneration Act 2008.

2. Principal Accounting Policies

(a) Basis of accounting

The financial statements of the Association are prepared on an historical cost basis and are in accordance with UK Generally Accepted Accounting Practice (UK GAAP) including Financial Reporting Standard 102 (FRS 102) and the Housing SORP 2018: Statement of Recommended Practice for Registered Social Housing Providers and comply with the Accounting Direction for Private Registered Providers of Social Housing 2019. The Association is a public benefit entity, as defined in FRS 102 and applies the relevant paragraphs prefixed 'PBE' in FRS 102. The Board is satisfied that the current accounting policies are the most appropriate for the Association.

(b) Basis of consolidation

The Group financial statements consolidate the financial statements of the Association and its subsidiary, ER Homes Limited, drawn up to 31 March each year.

(c) Going concern

The financial statements have been prepared on a going concern basis after consideration of the future prospects of the Association and the preparation of long-term financial forecasts and plans which include an assessment of the availability of funding and the certainty of cash flow from rental of social housing stock.

(d) Accounting judgements and estimations

Significant management judgements

The following are the significant management judgements made in applying the accounting policies of the Group that have the most significant effect on the financial statements:

Capitalisation of property development costs – a judgement is made as to the appropriate amount and timing to charge direct development staff costs to development schemes in progress. The total amount of development salaries and associated on costs capitalised in the year was £316,123 (2024: £280,035).

Impairment - housing properties are annually assessed for impairment indicators. Where indicators are identified an assessment for impairment is undertaken comparing the asset's carrying amount to its recoverable amount. Where the carrying amount of an asset is deemed to exceed its recoverable amount, the asset is written down to its recoverable amount. The resulting impairment loss is recognised as expenditure in the statement of comprehensive income.

ENGLISH RURAL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

Allocation of costs – The appropriate allocation of costs for mixed tenure developments, and furthermore the allocation of costs relating to shared ownership between current and fixed assets.

Estimation uncertainty

Information about estimates and assumptions that have the most significant effect on recognition and measurement of assets, liabilities, income and expenses is provided below. Actual results may be substantially different.

Useful lives of depreciable assets - judgements have been made in determining the main components and useful lives of property, plant and equipment for depreciation purposes. Details are provided in note (g) – Housing properties and depreciation.

Rental and other trade receivables - Estimations have been made internally regarding the recoverable amount of rental and other trade receivables.

Contingent liability - the Association's possible obligation to pay money to the Social Housing Pension Scheme (SHPS), were the last active member of the scheme to leave pensionable employment, has been estimated by the Scheme's actuary. This calculation includes estimations of life expectancy, salary growth, discount rates and inflation.

Pension liability - The Association's share of net liabilities for the Social Housing Pension Scheme (SHPS) is based on a number of assumptions which are set out in note 20.

(e) Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, income from the sale of shared ownership and other properties developed for outright sale and other income and are recognised in relation to the period when the goods or services have been supplied. Rental income is recognised when the property is available for let. Income from property sales is recognised on legal completion. Sales of properties developed for outright sale are included in Turnover and Cost of Sales.

(f) Service charges

Service charge income and costs are recognised on an accruals basis. The Association operates variable service charges on a scheme by scheme basis in full consultation with residents. The charges will include an allowance for the surplus or deficit from prior years, with the surplus being returned to residents by a reduced charge and a deficit being recovered by a higher charge. Where periodic expenditure is required, a provision may be built up over the years, in consultation with the residents; until these costs are incurred this liability is held in the Statement of Financial Position within current creditors.

(g) Housing properties and depreciation

In accordance with SORP 2018, the Association operates a full component accounting policy in relation to the capitalisation and depreciation of its completed housing stock. Housing properties (in development and completed) are stated at cost less accumulated depreciation and any accumulated impairment losses. Staff costs and overheads which are directly attributable to bringing housing properties into working condition for their intended use are capitalised. Interest incurred during the development phase is capitalised rather than expensed to the statement of comprehensive income.

ENGLISH RURAL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

Housing properties are split between land, structure and major components which require periodic replacement. Replacement or refurbishment of such major components is capitalised and depreciated over their estimated useful lives which have been set taking into account professional advice. Freehold land is not subject to depreciation.

Major components are treated as separate assets and depreciated over their expected useful economic lives at the following rates:

	Economic Life (years)
Land	n/a
Bathrooms	30
Heating systems	15 -20
Kitchens	20
Electrics	40
Mechanical Systems	30
Roofs	70
Structure	100
Windows and doors	20-25

Housing assets are depreciated from the month of acquisition, or in the case of a larger project, from the month of completion. Where there is evidence of impairment, the fixed assets are written down to the fair value after deducting costs to sell, and any write down is charged to operating surplus.

Housing properties in the course of construction are held at cost and not depreciated. They are transferred to completed properties when handed over for letting or sale.

Any surplus arising on first tranche sales of shared ownership properties are restricted to the “overall surplus” which is defined as the difference between the net present value of cash flows and cost. The Association charges a rent on the retained percentage of the property. Therefore, the net cost allocated to first tranche sale is the balance after allowing for the proportion of the property that is expected to be retained by the Association.

(h) **Office equipment, computer software and leasehold improvements**

Office equipment and computer software are depreciated over 3 years and leasehold improvements are depreciated over the term of the lease.

(i) **Government and other grants**

Social housing grant (SHG), receivable from Homes England, and other capital grants are recognised in income over the expected useful life of the housing property structure under the accruals model.

SHG must be recycled by the Association under certain conditions, if a property is sold, or if another relevant event takes place. In these cases, the SHG can be used for projects approved by Homes England. However, SHG may have to be repaid if certain conditions are not met. If grant is not required to be recycled or repaid, any unamortised grant is recognised as Turnover. In certain circumstances, SHG may be repayable, and, in that event, is a subordinated unsecured repayable debt.

ENGLISH RURAL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

(j) Financial instruments

The Association has determined that its financial instruments meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historical cost model. This includes loans where there are two-way breakage cost clauses as part of the terms of the loan agreement.

(k) Properties held for disposal

Where the Association has identified properties to be sold within the short term, they have been transferred to current assets.

(l) Works to existing properties

Where a major component of a housing property is replaced or restored, the works are capitalised. All other costs of works to existing properties are charged to the Statement of Comprehensive Income.

(m) Taxation

The Association is accepted as a charity by the HMRC. Income and capital gains of the Association are generally exempt from tax if applied for charitable purposes. Tax is payable on the profits of ER Homes in the event that these are not paid to the parent in the form of Gift Aid. A Tax liability crystallised during the year of £16k and was duly paid.

(n) Value added tax

The Association is registered for VAT and accordingly, where specifically applicable, expenditure incurred in selling shared ownership schemes is shown net of VAT. All other expenditure is shown inclusive of VAT.

(o) Apportionment of management expenses

Management expenses are allocated to activities either directly or on the basis of estimated staff time spent on the activity.

(p) Pension costs**Defined Benefit Pension Schemes**

The Association participates in the Pension Trust Social Housing Pension Scheme (SHPS Scheme), a multi-employer defined benefit scheme now closed to new members. The actuary to the SHPS Scheme has provided sufficient information to allow the Association to identify their share of scheme assets and these are included in the Statement of Financial Position and the expected cost of pensions is charged to the Statement of Total Comprehensive Income. The liability for the benefits earned by employees in return for service rendered in the current and prior periods is determined using the projected unit credit method as determined annually by qualified actuaries. This is based upon a number of assumptions, the determination of which is significant to the valuation.

The following are charged to operating profit:

- the net finance expense measured using the discount rate applied in measuring the defined benefit obligation;

- the increase in the present value of pension scheme liabilities arising from employee service in the current period (current service cost);
- the increase in the present value of pension scheme liabilities as a result of benefit improvements over the period during which such improvements vest (past service cost);
- gains and losses arising on settlements/curtailments; and
- scheme administration costs.

Actuarial gains and losses are recognised in full in other comprehensive income in the period in which they occur.

Full details of the pension scheme's financial position are set out in notes 20 and 21.

Defined Contribution Schemes

The Association also participates in the SHPS Scheme defined contribution money purchase pension scheme which is open to new members and a Scottish Widows defined contribution money purchase pension schemes which is now closed to new members. In respect of the defined contribution schemes, employers' contributions are charged to the Statement of Total Comprehensive Income in the year incurred.

(q) Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which has accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS

3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS – GROUP

	Note	----- 2025 -----				----- 2024 -----			
		Turnover	Cost of sales	Operating costs	Operating surplus/ (deficit)	Turnover	Cost of sales	Operating costs	Operating surplus/ (deficit)
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social Housing Lettings:	4								
General needs housing		9,477	-	(6,732)	2,745	8,440	-	(6,066)	2,374
Shared ownership accommodation		535	-	(683)	(148)	453	-	(664)	(211)
		<u>10,012</u>	<u>-</u>	<u>(7,415)</u>	<u>2,597</u>	<u>8,893</u>	<u>-</u>	<u>(6,730)</u>	<u>2,163</u>
Other Social Housing Activities:									
1st tranche shared ownership sales		1,340	(1,009)	(39)	292	160	(102)	(22)	36
Discounted local sales		-	-	-	-	308	(309)	-	(1)
Other income		123	-	(12)	111	98	-	(15)	83
Non-capitalised development costs		-	-	(101)	(101)	-	-	(127)	(127)
Other Costs		-	-	-	-	-	-	(124)	(124)
Non-Social Housing Activities:									
Market Sale – ER Homes Limited		290	(274)	(21)	(5)	765	(641)	(17)	107
		<u>1,753</u>	<u>(1,283)</u>	<u>(173)</u>	<u>297</u>	<u>1,331</u>	<u>(1,052)</u>	<u>(305)</u>	<u>(26)</u>
		<u>11,765</u>	<u>(1,283)</u>	<u>(7,588)</u>	<u>2,894</u>	<u>10,224</u>	<u>(1,052)</u>	<u>(7,035)</u>	<u>2,137</u>

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS

3. PARTICULARS OF TURNOVER, OPERATING COSTS AND OPERATING SURPLUS – ASSOCIATION

Note	----- 2025 -----				----- 2024 -----			
	Turnover	Cost of sales	Operating costs	Operating surplus/ (deficit)	Turnover	Cost of sales	Operating costs	Operating surplus/ (deficit)
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Social Housing Lettings:								
General needs housing	9,477	-	(6,732)	2,745	8,071	-	(5,767)	2,304
Shared ownership accommodation	535	-	(683)	(148)	454	-	(671)	(217)
	<u>10,012</u>	<u>-</u>	<u>(7,415)</u>	<u>2,597</u>	<u>8,525</u>	<u>-</u>	<u>(6,438)</u>	<u>2,087</u>
Other Social Housing Activities:								
1st tranche shared ownership sales	1,340	(1,009)	(39)	292	160	(102)	(23)	35
Discounted local sales	-	-	-	-	308	(309)	-	(1)
Other income	140	-	(22)	118	163	-	(50)	113
Non-capitalised development costs	-	-	(101)	(101)	-	-	(127)	(127)
	<u>1,480</u>	<u>(1,009)</u>	<u>(162)</u>	<u>309</u>	<u>631</u>	<u>(411)</u>	<u>(200)</u>	<u>20</u>
	<u>11,493</u>	<u>(1,009)</u>	<u>(7,577)</u>	<u>2,906</u>	<u>9,156</u>	<u>(411)</u>	<u>(6,638)</u>	<u>2,107</u>

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS

4. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS – GROUP

	----- 2025 -----			----- 2024 -----		
	General Needs Housing	Shared Ownership Accommodation	Total	General Needs Housing	Shared Ownership Accommodation	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	8,765	317	9,082	7,834	258	8,092
Service charges receivable	278	111	389	237	93	330
Grants released from deferred income	434	106	540	369	103	472
Turnover from Social Housing Lettings	9,477	534	10,011	8,440	453	8,894
Housing Management	1,035	254	1,289	954	251	1,205
Housing services	629	299	928	614	299	913
Routine maintenance	1,097	-	1,097	971	-	971
Planned maintenance	873	-	873	629	-	629
Major repairs	977	-	977	988	-	988
Bad debts	22	-	22	24	-	24
Depreciation of housing properties	2,003	130	2,133	1,886	114	2,000
Impairment of Housing Properties	97	-	97	-	-	-
Operating costs on social housing lettings	6,733	683	7,416	6,066	664	6,730
Operating surplus on social housing lettings	2,745	(148)	2,597	2,374	(211)	2,163
Void Losses	94	-	94	70	-	70

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS

4. PARTICULARS OF INCOME AND EXPENDITURE FROM SOCIAL HOUSING LETTINGS – ASSOCIATION

	----- 2025 -----			----- 2024 -----		
	General Needs Housing	Shared Ownership Accommodation	Total	General Needs Housing	Shared Ownership Accommodation	Total
	£'000	£'000	£'000	£'000	£'000	£'000
Rent receivable net of identifiable service charges	8,765	317	9,082	7,465	258	7,723
Service charges receivable	278	111	389	237	94	331
Grants released from deferred income	434	106	540	369	102	471
Turnover from Social Housing Lettings	9,477	534	10,011	8,071	454	8,525
Housing Management	1,035	254	1,289	838	258	1,096
Housing services	629	299	928	613	299	912
Routine maintenance	1,097	-	1,097	918	-	918
Planned maintenance	873	-	873	597	-	597
Major repairs	977	-	977	924	-	924
Bad debts	22	-	22	23	-	23
Depreciation of housing properties	2,003	130	2,133	1,854	114	1,968
Impairment of Housing Properties	97	-	97	-	-	-
Operating costs on social housing lettings	6,733	683	7,415	5,767	671	6,438
Operating surplus on social housing lettings	2,745	(148)	2,597	2,304	(217)	2,087
Void Losses	94	-	94	64	-	64

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS

5. INTEREST RECEIVABLE AND SIMILAR INCOME

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Interest Receivable on Bank Deposit Accounts	29	34	65	52

6. INTEREST PAYABLE AND SIMILAR CHARGES

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Interest on loans	1,957	1,984	1,957	1,984
Non-Utilisation and Other Fees	107	127	107	127
Amortisation of loan issue costs & bond proceeds premium	12	13	12	13
Fair value adjustment	(11)	(189)	(11)	(189)
Net interest charge pension scheme	6	6	6	6
Interest capitalised	(178)	(345)	(141)	(345)
	1,893	1,596	1,930	1,596

7. EMOLUMENTS AND EXPENSES

a) Directors' Emoluments and Expenses

	2025	2024
	£'000	£'000
Total Emoluments	481	456
Emoluments of highest paid director excluding pension contribution	140	133

The Chief Executive has a stakeholder pension plan. The total contribution amounts to 9.6% of pensionable salary, amounting to £13,550.

Total expenses reimbursed to the directors and not chargeable to United Kingdom taxation

8	11
No.	No.

The full-time equivalent number of staff whose remuneration fell within each band of £10,000 from £60,000 upwards was:

£160,000-£169,999	1	-
£150,000 - £159,999	-	1
£140,000 - £149,999	-	-
£130,000 - £139,999	-	-
£120,000 - £129,999	-	-
£110,000 - £119,999	2	1
£100,000 - £109,999	-	1
£ 90,000 - £ 99,999	-	-
£ 80,000 - £ 89,999	1	1
£ 70,000 - £ 79,999	1	1
£ 60,000 - £ 69,999	-	-

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
b) Employee Costs				
Salaries	1,543	1,480	1,543	1,431
Social security costs	174	165	174	160
Pension costs	178	317	178	172
Less: capitalised staff costs	(316)	(280)	(316)	(280)
	<u>1,579</u>	<u>1,682</u>	<u>1,579</u>	<u>1,483</u>
Average weekly number of employees (expressed as full-time equivalent and including the Executive Management Team)	28	29	28	29

8. SURPLUS ON ORDINARY ACTIVITIES BEFORE TAXATION

The surplus on ordinary activities before taxation is stated after charging:

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Auditor's remuneration including VAT:				
In their capacity as auditors	49	50	40	41
For other services	18	-	-	-
Depreciation:				
Housing Properties	2,133	2,000	2,133	1,968
Office Equipment and Leasehold Improvements	4	5	4	5

9. TAXATION

English Rural Housing Association Limited is an exempt charity registered with the Regulator for Social Housing and is exempt from liability to taxation on its income and capital gains. As the subsidiary, ER Homes Ltd was not in a position to make a gift aid payment during 2024, it became liable for £16k of tax on 2023/24 profits and this amount was duly paid during the 2024/25 period.

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS

10. FIXED ASSETS (PROPERTIES) – GROUP

	Completed Properties for Letting	Completed Shared Owned Properties	Properties in Development	Total
	£'000	£'000	£'000	£'000
Cost				
At 1st April 2024	117,196	12,285	6,324	135,805
Addition: New properties	-	-	4,042	4,042
Works to existing properties	1,068	-	-	1,068
Components written off	(391)	-	-	(391)
Aborted development scheme costs	-	-	(59)	(59)
Transferred to cost of sales	(34)	-	-	(34)
Transferred to stock	(188)	-	-	(188)
Transferred to completed schemes	4,940	1,088	(6,028)	-
Impairment	(312)	-	-	(312)
At 31st March 2025	122,279	13,373	4,279	139,931
Depreciation				
At 1st April 2024	19,207	2,114	-	21,321
Charge for year	2,003	130	-	2,133
Released on disposal	(469)	-	-	(469)
Impairment	(102)	-	-	(102)
At 31st March 2025	20,639	2,244	-	22,883
Net Book Value				
At 31st March 2025	101,640	11,129	4,279	117,048
At 31 st March 2024	97,989	10,171	6,324	114,484

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS

10. FIXED ASSETS (PROPERTIES) – ASSOCIATION

	Completed Properties for Letting	Completed Shared Owned Properties	Properties in Development	Total
	£'000	£'000	£'000	£'000
Cost				
At 1st April 2024	117,196	12,285	6,324	135,805
Addition: New properties	-	-	4,042	4,042
Works to existing properties	1,068	-	-	1,068
Components written off	(391)	-	-	(391)
Aborted development scheme costs	-	-	(59)	(59)
Transferred to cost of sales	(34)	-	-	(34)
Transferred to stock	(188)	-	-	(188)
Transferred to completed schemes	4,940	1,088	(6,028)	-
Impairment	(312)	-	-	(312)
At 31st March 2025	122,279	13,373	4,279	139,931
Depreciation				
At 1st April 2024	19,207	2,114	-	21,321
Charge for year	2,003	130	-	2,133
Released on disposal	(469)	-	-	(469)
Impairment	(102)	-	-	(102)
At 31st March 2025	20,639	2,244	-	22,883
Net Book Value				
At 31st March 2025	101,640	11,129	4,279	117,048
At 31 st March 2024	97,989	10,171	6,324	114,484

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS

11 (a) OTHER FIXED ASSETS – GROUP AND ASSOCIATION

	Leasehold Offices	Office Equipment	Total
	£'000	£'000	£'000
Cost			
At 1st April 2024	33	77	110
Written off in year	-	-	-
At 31st March 2025	33	77	110
Depreciation			
At 1st April 2024	(14)	(76)	(90)
Written off in year	-	-	-
Charged in year	(3)	(1)	(4)
At 31st March 2025	(17)	(77)	(94)
Net book value			
At 31st March 2025	16	-	16
At 31st March 2024	19	1	20

11 (b) INTANGIBLE ASSETS – GROUP AND ASSOCIATION

	Computer Software	Total
	£000	£000
Cost		
At 1st April 2024	39	39
Written off in year	-	-
Additions at Cost	-	-
At 31st March 2025	39	39
Depreciation		
At 1st April 2024	(39)	(39)
Written off in year	-	-
Charged in year	-	-
At 31st March 2025	(39)	(39)
Net book value		
At 31st March 2025	-	-
At 31st March 2024	-	-

ENGLISH RURAL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

12. STOCK

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
At 1st April	1,640	591	1,095	307
Expenditure during the year	529	1,970	212	1,095
Rental stock transferred for disposal	126	-	126	-
Transferred to cost of sales	(1,390)	(921)	(1,118)	(307)
At 31st March	<u>905</u>	<u>1,640</u>	<u>315</u>	<u>1,095</u>

13. DEBTORS

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Trade and other debtors:				
Arrears of rent and service charges	309	250	309	250
Provision for doubtful debts	<u>(80)</u>	<u>(67)</u>	<u>(80)</u>	<u>(67)</u>
	229	183	229	183
Recharges-tenants	7	11	7	11
Other recharges	27	52	27	52
Amounts due from subsidiaries	-	-	10	1
VAT recoverable	-	-	-	-
Deposit for highway works	-	35	-	26
Sundry debtors and prepayments	<u>337</u>	<u>601</u>	<u>337</u>	<u>611</u>
	<u>600</u>	<u>882</u>	<u>610</u>	<u>884</u>
Long-term debtors:				
Inter-company loan	-	-	530	454
Other long-term debtor	<u>9</u>	<u>21</u>	<u>9</u>	<u>9</u>
	<u>9</u>	<u>21</u>	<u>539</u>	<u>463</u>

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Sinking fund	986	877	986	877
Other creditors and accruals	1,619	1,522	1,600	1,486
Recycled capital grant fund (see below)	96	111	96	111
Employee benefits – annual leave carried forward	22	20	22	20
Deferred income – capital grants	540	477	540	477
Building retentions	192	250	192	212
Building creditors	18	35	18	35
Housing loans	<u>1,148</u>	<u>1,129</u>	<u>1,148</u>	<u>1,129</u>
	<u>4,621</u>	<u>4,421</u>	<u>4,602</u>	<u>4,347</u>

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS

Recycled Capital Grant Fund:	Group		Association	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
As at 1 April	111	14	111	14
Grant recycled	34	97	34	97
Grant allocated to scheme	(49)	-	(49)	-
Interest accrued	-	-	-	-
As at 31 March	<u>96</u>	<u>111</u>	<u>96</u>	<u>111</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Association	
	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Housing loans	41,361	44,683	41,361	44,683
Deferred income – capital grants	40,893	40,352	40,893	40,352
Pension provision (Note 20)	<u>99</u>	<u>354</u>	<u>99</u>	<u>354</u>
	<u>82,353</u>	<u>85,389</u>	<u>82,353</u>	<u>85,389</u>

Housing Loans

	2025 £'000	2024 £'000	2025 £'000	2024 £'000
Due in less than 1 year	<u>1,148</u>	<u>1,129</u>	<u>1,148</u>	<u>1,129</u>
Due between 1 and 2 years	1,177	1,135	1,177	1,135
Due between 2 and 5 years	12,858	14,726	12,858	14,726
Due after 5 years	<u>27,326</u>	<u>28,822</u>	<u>27,326</u>	<u>28,822</u>
Due after more than 1 year	<u>41,361</u>	<u>44,683</u>	<u>41,361</u>	<u>44,683</u>
Total	<u>42,509</u>	<u>45,812</u>	<u>42,509</u>	<u>45,812</u>

The loan facilities are provided by four funders and a bond issue through the Government's Affordable Housing Guarantee Scheme (AHF Loan), the funders being Santander, Barclays, Orchardbrook and Triodos. Loan interest rates range from 2.00% to 12.13% per annum (2024: 2.00% to 12.13%). The average rate at the end of the year was 4.2% (2024: 4.5%). Interest on housing loans is charged to the statement of comprehensive income in the year that it is incurred unless capitalised to development schemes still to complete. The housing loans are secured by first fixed charges over the Association's housing properties. The total undrawn loan facilities at 31st March 2025 were £23.0m (2023: £21m). Issue costs and premiums incurred or received across the portfolio are amortised to the statement of comprehensive income over the period of loans to which these relate.

ENGLISH RURAL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

Loan balances were as follows:

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Debt by Lender:				
Barclays Bank	2,926	3,315	2,926	3,315
Triodos Bank	19,168	20,079	19,168	20,079
Santander	9,000	11,000	9,000	11,000
AHF plc	10,000	10,000	10,000	10,000
Orchardbrook	315	319	315	319
Total debt	41,409	44,713	41,409	44,713
Related amounts:				
Premium on AHF loan	1,179	1,232	1,179	1,232
Fair value on Orchardbrook loans	272	283	272	283
Issue costs	(351)	(416)	(351)	(416)
Total	42,509	45,812	42,509	45,812

The loan balance against AHF plc is shown as the £10m nominal amount borrowed. The unamortised excess proceeds to date are shown separately against "premium on AHF loan".

Deferred income – capital grants

	Group	Association
	2025	2025
	£'000	£'000
At 1st April 2024	48,727	48,727
Grant received during the year	1,292	1,292
Grant recycled during the year	(34)	(34)
Grant adjustment on impairment	(114)	(114)
At 31st March 2025	49,871	49,871
Less grant amortisation		
At 1st April 2024	7,898	7,898
Grant amortised for year	540	540
At 31st March 2025	8,438	8,438
Net deferred income at 31st March 2025	41,433	41,434
Net deferred income at 31st March 2024	40,828	40,828

Deferred income – capital grants – continued

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Amount due to be released in less than one year	540	477	540	477
Amount due to be released in more than one year	40,893	40,351	40,894	40,351
	41,433	40,828	41,434	40,828

ENGLISH RURAL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

16. CALLED UP SHARE CAPITAL

	Group		Association	
	2025	2024	2025	2024
	£	£	£	£
Shares of £1 each – allotted, issued and fully paid at 31st March 2024	42	45	42	45
Issued during the year	3	4	3	4
Cancelled during the year	(14)	(7)	(14)	(7)
	<u>31</u>	<u>42</u>	<u>31</u>	<u>42</u>
Shares of £1 each – allotted, issued and fully paid at 31st March 2025	<u>31</u>	<u>42</u>	<u>31</u>	<u>42</u>

17. CAPITAL COMMITMENTS

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Capital expenditure that has been contracted for but has not been provided for in the Financial Statements	7,679	3,126	7,679	3,126
Capital expenditure authorised by the Board but has not yet been contracted	13,294	20,907	13,294	20,617
Total	<u>20,973</u>	<u>24,033</u>	<u>20,973</u>	<u>23,743</u>
Proposed financing of above expenditure:				
Grants	6,005	6,313	6,005	6,313
Loans & Cash	12,615	14,451	12,615	14,451
Property sales	2,354	3,269	2,354	2,979
	<u>20,974</u>	<u>24,033</u>	<u>20,974</u>	<u>23,743</u>

18. HOUSING STOCK**In ownership and management**

The number of units of housing accommodation under development and in management at 31st March 2024 and 31st March 2025 were:

	Group			
	Units in Development		Units in Management	
	2025	2024	2025	2024
	No.	No.	No.	No.
General needs housing - social rent	14	14	887	880
General needs housing - affordable rent	58	76	266	251
General needs housing – intermediate rent	-	-	11	11
Affordable home ownership	14	23	395	388
Total units owned or in development	<u>86</u>	<u>113</u>	<u>1,559</u>	<u>1,530</u>
Units managed on behalf of other registered providers			4	4
	<u>86</u>	<u>113</u>	<u>1,563</u>	<u>1,534</u>

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS

	Association			
	Units in Development		Units in Management	
	2025 No.	2024 No.	2025 No.	2024 No.
General needs housing - social rent	4	14	887	880
General needs housing - affordable rent	68	76	266	251
General needs housing – intermediate rent	-	-	11	11
Affordable home ownership	14	23	395	388
Total units owned or in development	86	113	1,559	1,530
Units managed on behalf of other registered providers			4	4
	86	113	1,563	1,534

Analysis of movement in units owned and managed:
Group

	At 31 st Mar 2024	Additions	Disposals	Amalgamations	Conversions	Other	At 31 st Mar 2025
Units owned:							
Social housing							
Owned general needs - social rent	880	9	-2				887
Owned general needs - affordable rent	251	15					266
Owned general needs - intermediate rent	11						11
Affordable home ownership	388	7	0				395
	1,530	31	-2	0	0	0	1,559
Non-Social housing	0						0
Total owned	1,530	31	-2	0	0	0	1,559
Units managed							
Managed units general needs	4						4

Association

	At 31 st Mar 2024	Additions	Disposals	Amalgamations	Conversions	Other	At 31 st Mar 2025
Units owned:							
Social housing							
Owned general needs - social rent	880	9	-2				887
Owned general needs - affordable rent	251	15					266
Owned general needs - intermediate rent	11						11
Affordable home ownership	388	7					395
	1,530	31	-2	0	0	0	1,559
Non-Social housing	0						0
Total owned	1,530	31	-2	0	0	0	1,559
Units managed							
Managed units general needs	4			0			4

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS

19. CASH FLOW FROM OPERATING ACTIVITIES

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Surplus for the year before tax	1,789	8,687	1,800	8,576
Adjustments for non-cash items:	-	-	-	-
Depreciation	2,137	2,030	2,138	1,998
Impairment charge	97	-	97	-
Decrease/(Increase) in debtors	286	(702)	274	(378)
Increase in creditors	178	481	224	564
(Decrease)/Increase in Provision	(255)	333	(255)	209
Decrease/(Increase) in Properties Developed for Sale	739	(1,007)	781	(788)
Other Comprehensive Income	53	(27)	55	(27)
Aborted schemes costs	59	-	57	-
Gain on acquisition and fair value adjustment	-	(7,784)	-	(7,784)
Adjustments for investing or financing activities:				
Profit on disposal of fixed assets	(758)	(517)	(758)	-
Government grants utilised during the year	(540)	(472)	(540)	(472)
Interest receivable	(29)	(34)	(65)	(23)
Interest payable	2,133	1,493	2,133	1,493
Tax paid	(16)	-	-	-
Net Cash Inflow from Operating Activities	5,873	2,481	5,941	3,368

Analysis of change in net debt Group

	At 31st March 2024	Cashflows	Other Changes	At 31st March 2025
	£'000	£'000	£'000	£'000
Cash at bank and in hand	3,817	(2,598)		1,219
Short-term deposits	-	-		-
Overdrafts	-	-		-
	3,817	(2,598)	-	1,219
Debt due within one year	(1,129)	(19)		(1,148)
Debt due after more than one year	(44,683)	3,322		(41,361)
Current asset investments	-	-		-
Net debt	(41,995)	705	-	(41,290)

Association

	At 31st March 2024	Cashflows	Other Changes	At 31st March 2025
	£'000	£'000	£'000	£'000
Cash at bank and in hand	3,784	(2,570)		1,214
Overdrafts	-	-	-	-
	3,784	(2,570)		1,214
Debt due within one year	(1,129)	(19)		(1,148)
Debt due after more than one year	(44,683)	3,322		(41,361)
Current asset investments	-	-		-
Net debt	(42,028)	733	-	(41,295)

ENGLISH RURAL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

20. SOCIAL HOUSING PENSION SCHEME (SHPS) DEFINED BENEFIT SCHEME

English Rural Housing Association Limited 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.

English Rural Housing Association Limited closed this DB Scheme to new staff from 2005 and then for future accrual from 1st April 2022. Under auto-enrolment, new staff are enrolled into the SHPS Defined Contribution (DC) scheme, significantly reducing the risk of the contingent liability detailed in Note 21 materialising.

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

The latest accounting valuation was carried out with an effective date of 30 September 2024. The liability figures from this valuation were rolled forward for accounting year-ends from the following 31 March 2025 to 28 February 2026 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.

FAIR VALUE OF PLAN ASSETS, PRESENT VALUE OF DEFINED BENEFIT OBLIGATION, AND DEFINED BENEFIT ASSET (LIABILITY)

	31 March 2025	31 March 2024
	(£000s)	(£000s)
Fair value of plan assets	595	615
Present value of defined benefit obligation	694	758
Surplus (deficit) in plan	(99)	(143)
Unrecognised surplus	-	-
Defined benefit asset (liability) to be recognised	(99)	(143)

ENGLISH RURAL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE DEFINED BENEFIT OBLIGATION

	Period from
	31 March 2024 to
	31 March 2025
	(£000s)
Defined benefit obligation at start of period	758
Current service cost	-
Expenses	2
Interest expense	36
Member contributions	-
Actuarial losses (gains) due to scheme experience	30
Actuarial losses (gains) due to changes in demographic assumptions	-
Actuarial losses (gains) due to changes in financial assumptions	(93)
Benefits paid and expenses	(39)
Liabilities acquired in a business combination	-
Liabilities extinguished on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Exchange rate changes	-
Defined benefit obligation at end of period	694

RECONCILIATION OF OPENING AND CLOSING BALANCES OF THE FAIR VALUE OF PLAN ASSETS

	Period from
	31 March 2024 to
	31 March 2025
	(£000s)
Fair value of plan assets at start of period	615
Interest income	30
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	(50)
Employer contributions	39
Member contributions	-
Benefits paid and expenses	(39)

ENGLISH RURAL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

Assets acquired in a business combination	-
Assets distributed on settlements	-
Exchange rate changes	-
Fair value of plan assets at end of period	595

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2024 to 31 March 2025 was (£20,000).

DEFINED BENEFIT COSTS RECOGNISED IN STATEMENT OF COMPREHENSIVE INCOME (SOCl)

	Period from 31 March 2024 to 31 March 2025 (£000s)
Current service cost	-
Expenses	2
Net interest expense	6
Losses (gains) on business combinations	-
Losses (gains) on settlements	-
Losses (gains) on curtailments	-
Losses (gains) due to benefit changes	-
Defined benefit costs recognised in Statement of Comprehensive Income (SoCI)	8

DEFINED BENEFIT COSTS RECOGNISED IN OTHER COMPREHENSIVE INCOME (OCI)

	Period from 31 March 2024 to 31 March 2025 (£000s)
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	(50)
Experience gains and losses arising on the plan liabilities - gain (loss)	(30)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	-
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	93

ENGLISH RURAL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	13
Effects of changes in the amount of surplus that is not recoverable (excluding amounts included in net interest cost) - gain (loss)	-
Total amount recognised in Other Comprehensive Income - gain (loss)	13

ASSETS

	31 March 2025 (£000s)	31 March 2024 (£000s)
Global Equity	67	61
Absolute Return	-	24
Distressed Opportunities	-	22
Credit Relative Value	-	20
Alternative Risk Premia	-	20
Liquid Alternatives	110	-
Emerging Markets Debt	-	8
Risk Sharing	-	36
Insurance-Linked Securities	2	3
Property	30	25
Infrastructure	-	62
Private Equity	1	1
Real Assets	71	-
Private Debt	-	24
Opportunistic Illiquid Credit	-	24
Private Credit	73	-
Credit	23	-
Investment Grade Credit	18	-
High Yield	-	-
Cash	8	12
Corporate Bond Fund	-	-
Liquid Credit	-	-
Long Lease Property	-	4
Secure Income	10	18
Liability Driven Investment	180	250
Currency Hedging	1	-
Net Current Assets	1	1
Total assets	595	615

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

ENGLISH RURAL HOUSING ASSOCIATION LIMITED
FINANCIAL STATEMENTS

KEY ASSUMPTIONS

	31 March 2025 % per annum	31 March 2024 % per annum
Discount Rate	5.85%	4.91%
Inflation (RPI)	3.09%	3.14%
Inflation (CPI)	2.79%	2.78%
Salary Growth	3.79%	3.78%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2025 imply the following life expectancies:

	Life expectancy at age 65 (Years)
Male retiring in 2022	20.5
Female retiring in 2022	23.0
Male retiring in 2042	21.7
Female retiring in 2042	24.5

21. CONTINGENT LIABILITIES

Pensions : Under the Occupational Pension Schemes (Employer Debt and Miscellaneous Amendments) Regulations 2008, an employer debt may become due, in respect of the DB scheme, in the event of an employer ceasing to participate in a multi-employer pension scheme.

As the Association has closed the scheme to new entrants, then a debt could crystallise under the current regulations when the last active DB or DC member leaves pensionable service, should the scheme not be fully funded on a buy-out basis at that time. The potential employer debt was £260,344 as at 30th September 2024 (£303,515 September 2023).

The Board has taken steps to mitigate against the possibility of the debt crystallising. This includes the decision that the SHPS DC pension is the Association's qualifying scheme for the purposes of pension auto-enrolment. As the debt, if any, is not likely to crystallise in the foreseeable future, no provision is reflected in these accounts. There are currently 21 members of staff who are active members of SHPS DC scheme.

We have been notified by the Trustee of the Scheme that it has performed a review of the changes made to the Scheme's benefits over the years and the result is that there is uncertainty surrounding some of these changes. The Trustee has been advised to seek clarification from the Court on these items. This process is ongoing, and a ruling is expected during 2025. It is recognised that this could potentially impact the value of Scheme liabilities, but until Court directions are received, it is not possible to calculate the impact of this issue, particularly on an individual employer basis, with any accuracy at this time. No adjustment has been made in these financial statements in respect of this potential issue.

ENGLISH RURAL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

22. RELATED PARTIES

At the end of the financial year, the subsidiary ER Homes Ltd had drawn £530,000 via a working capital loan agreement with the Parent. This balance has been settled in May 2025 following property sales.

Katherine Singleton, a Director of the subsidiary ER Homes Ltd is also a Director of Pelham Structures Ltd. English Rural Housing Association (The parent) occasionally bid for Section 106 (S106) properties made available by Pelham Structures and during this financial year, 8 such homes were handed over on a site at Clavering. When bidding for S106 properties, English Rural competes against other Registered Providers in the usual way and has no Direct advantage.

Mark Pragnall, Chair of English Rural is the Managing Director of Pragmatix Advisory Services. Although there were no transactions in the reported financial year; a Partner within Pragmatix has attended a Rural Housing conference hosted by English Rural in April 2025 as a speaker and was reimbursed for travel and accommodation costs of £789.

23. OPERATING LEASE COMMITMENTS

The future minimum lease payments of leases are as set out below. Leases relate to office accommodation. Where a break clause applies, the commitment extends to the date of the break clause.

Operating lease payments are as follows:

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Land & Buildings				
Due in less than 1 year	35	30	35	30
Due between 2 and 5 years	122	164	122	164
Due after 5 years	-	-	-	-
Other				
Due in less than 1 year	-	-	-	-
Due between 2 and 5 years	-	-	-	-
Due after 5 years	-	-	-	-
As at 31 March	157	194	157	194

The operating lease expense for the year was £33k.

24. SUBSIDIARIES

English Rural Housing Association is parent company to one subsidiary. ER Homes Limited is a wholly owned subsidiary and is incorporated and registered in England and Wales with company number 10538606 whose registered office is The Granary, Greenway Studios, Lower Eashing, Godalming, Surrey GU7 2QF.

ER Homes Limited purpose is to build and sell properties on the open market. ER Homes Limited commenced trading on 29th November 2018.

ENGLISH RURAL HOUSING ASSOCIATION LIMITED

FINANCIAL STATEMENTS

25. FINANCIAL ASSETS

	Group		Association	
	2025	2024	2025	2024
	£'000	£'000	£'000	£'000
Liquidity reserve fund	448	427	448	427
	<u>448</u>	<u>427</u>	<u>448</u>	<u>427</u>

The Liquidity Reserve Fund (LRF) represents a long-term restricted cash deposit required under the terms of the Affordable Homes Fund (AHF) loan facility entered into by English Rural Housing Association in 2015. The agreement requires that a cash sum of at least one-year's loan interest due (£380k) is held in an account that the lender has security over. The purpose being to provide a cash buffer to investors were the Association to default on its interest payments. The cash becomes available to the Association at the end of the loan in 2044.

26. POST BALANCE SHEET EVENT

No material events have occurred prior to signing these statements which would be considered to have a material impact on interpretation of these statements.