

EMPOWERING PEOPLE INSPIRING COMMUNITIES LIMITED

England & Wales · Charity number 1118644

Details

Other names BENTILEE COMMUNITY HOUSING LIMITED

Status Registered

Legal form Charitable company

Company number [03333405](#)

Registered 2007-04-02

Register [View on the Charity Commission register](#)

Contact

Address Empowering People Inspiring
Communities Limited
131-141 Ubberley Road
Bentilee
Stoke On Trent
ST2 0EF

Phone 01782252575

Email mailbox@epichousing.co.uk

Website www.epichousing.co.uk

Activities

Objects: 3.1 THE COMPANY'S OBJECTS SHALL BE FOR THE BENEFIT OF THE COMMUNITY,3.1.1 THE PROVISION OF:(1) HOUSES, HOSTELS OR ANY OTHER HOUSING ACCOMMODATION AND ANY ASSOCIATED AMENITIES, SERVICES, ADVICE OR ASSISTANCE FOR PERSONS;IN NECESSITOUS CIRCUMSTANCES UPON TERMS APPROPRIATE TO THEIR MEANS;WHO ARE AGED, DISABLED OR HANDICAPPED (WHETHER MENTALLY OR PHYSICALLY), OR CHRONICALLY SICK, AND ARE IN NEED OF THE ACCOMMODATION OR OTHER BENEFITS PROVIDED BY VIRTUE OF THE CONDITION;(2) SERVICES, ADVICE OR ASSISTANCE UPON TERMS APPROPRIATE TO THEIR MEANS TO AGED, DISABLED OR HANDICAPPED (WHETHER MENTALLY OR PHYSICALLY) OR CHRONICALLY SICK PERSONS IN NEED THEREOF IN ARRANGING OR CARRYING OUT WORKS OF IMPROVEMENT REPAIR OR MAINTENANCE TO HOMES OCCUPIED BY THEM AND PROVIDING ANY ASSOCIATED AMENITIES SPECIALLY DESIGNED OR ADAPTED TO MEET THE DISABILITIES AND REQUIREMENTS OF SUCH PERSONS;(3) FACILITIES IN THE INTERESTS OF SOCIAL WELFARE OR RECREATION, WITH THE OBJECT OF IMPROVING THE CONDITIONS OF LIFE FOR THE COMMUNITY;3.1.2 THE UNDERTAKING OF ANY OTHER CHARITABLE OBJECT THAT CAN FROM TIME TO TIME BE CARRIED OUT BY A COMPANY REGISTERED AS A SOCIAL LANDLORD WITH THE HOUSING CORPORATION; AND 3.1.3 THE PROMOTION FOR THE PUBLIC BENEFIT OF URBAN OR RURAL REGENERATION IN AREAS OF SOCIAL AND ECONOMIC DEPRIVATION (AND IN PARTICULAR STAFFORDSHIRE) BY ALL OR ANY OF THE FOLLOWING MEANS:(1) THE RELIEF OF POVERTY IN SUCH WAYS AS MAY BE THOUGHT FIT;(2) THE RELIEF OF UNEMPLOYMENT IN SUCH WAYS AS MAY BE THOUGHT FIT, INCLUDING ASSISTANCE TO FIND EMPLOYMENT;(3) THE ADVANCEMENT OF EDUCATION, TRAINING OR RETRAINING, PARTICULARLY AMONG UNEMPLOYED PEOPLE AND PROVIDING UNEMPLOYED PEOPLE WITH WORK EXPERIENCE;(4) THE PROVISION OF FINANCIAL ASSISTANCE, TECHNICAL ASSISTANCE, OR BUSINESS ADVICE OR CONSULTANCY IN ORDER TO PROVIDE TRAINING AND EMPLOYMENT OPPORTUNITIES FOR UNEMPLOYED PEOPLE IN CASES OF FINANCIAL OR OTHER CHARITABLE NEED THROUGH HELP:(1) IN SETTING UP THEIR OWN BUSINESS, OR(II) TO EXISTING BUSINESSES;(5) THE CREATION OF TRAINING AND EMPLOYMENT OPPORTUNITIES BY THE PROVISION OF WORKSPACE, BUILDINGS AND/OR LAND FOR USE ON FAVOURABLE TERMS;(6) THE PROVISION OF HOUSING FOR THOSE WHO ARE IN CONDITIONS OF NEED AND THE IMPROVEMENT OF HOUSING IN THE PUBLIC SECTOR OR IN CHARITABLE OWNERSHIP PROVIDED THAT SUCH POWER SHALL NOT EXTEND TO RELIEVING ANY LOCAL AUTHORITIES OR OTHER BODIES OF A STATUTORY DUTY TO PROVIDE OR IMPROVE HOUSING;(7) THE MAINTENANCE, IMPROVEMENT OR PROVISION OF PUBLIC AMENITIES;(8) THE PROVISION OR ASSISTANCE IN THE PROVISION OF RECREATIONAL FACILITIES FOR THE PUBLIC AT LARGE AND/OR THOSE WHO, BY REASON OF THEIR YOUTH, AGE, INFIRMITY OR DISABLEMENT, POVERTY OR SOCIAL AND ECONOMIC CIRCUMSTANCES, HAVE NEED OF SUCH FACILITIES;(9) THE PROTECTION OR CONSERVATION OF THE ENVIRONMENT;(10) THE PROMOTION OF PUBLIC SAFETY AND PREVENTION OF CRIME; AND(11) SUCH OTHER MEANS AS MAY FROM TIME TO TIME BE DETERMINED SUBJECT TO THE PRIOR CONSENT OF THE CHARITY COMMISSIONERS FOR ENGLAND AND WALES.

Activities: Empowering People Inspiring Communities Limited is a Registered Provider (RP) initially established in 1998 to receive a transfer of housing stock from Stoke City Council. It undertakes housing activities usually associated with RPs and various regeneration projects.

Classification

- **How:** Makes Grants To Individuals, Provides Services, Provides Advocacy/advice/information, Sponsors Or Undertakes Research, Other Charitable Activities
- **What:** The Prevention Or Relief Of Poverty, Accommodation/housing, Economic/community Development/employment, Other Charitable Purposes
- **Who:** Children/young People, Elderly/old People, People With Disabilities, The General Public/mankind

Geography

- **Area of benefit:** NATIONAL
- Staffordshire
- Stoke-on-trent City

Finances

Period end	Income	Expenditure	Assets	Employees
2025-03-31	£6,941,911	£6,027,297	£29,799,079	33
2024-03-31	£6,185,318	£5,842,557	£28,811,339	28
2023-03-31	£5,870,790	£5,585,620	£28,606,077	23
2022-03-31	£5,526,468	£4,987,800	£28,464,794	19
2021-03-31	£4,674,865	£3,416,815	£27,476,690	21

Trustees

Name	Role	Appointed
Simon Wilson	Chair	2023-04-01
Alun Bragg		2023-04-01
Amandeep Jhawar		2021-11-11
Christopher Alexander Elliott		2026-04-01
DAVID NEWMARCH		2021-10-28
Daniel Robert Wyer		2026-04-01
Jemma Louise Richards		2026-04-01
Jonathan Moore		2023-04-01
Margaret Dodwell		2023-04-01
Rachel Heather Challinor		2021-10-28
Robert Morton		2024-02-22

EMPOWERING PEOPLE INSPIRING COMMUNITIES LIMITED

England & Wales - Charity number 1118644

Accounts

ANNUAL **ACCOUNTS** 2024-25



Putting people
at the heart of
everything we do





Empowering People Inspiring Communities Limited
Annual Report & Financial Statements
For the year ended 31 March 2025

Charity Number: 1118644

Company Number: 3333405

Regulator of Social Housing Number: L4167

Contents

Page	
3	Chair and Chief Executive's Foreword
4	Board of Trustees, Executive Officers, Company Information
6	Report of the Board
11	Strategic Report
23	Independent Auditor's Report
27	Statement of Comprehensive Income
28	Statement of Financial Position
29	Statement of Changes in Reserves
30	Statement of Cash Flows
31	Notes to the Financial Statements

Board of Trustees, Executive Officers, Company Information

The social housing sector continues to come under scrutiny and face significant reputational and financial challenges. The economic environment is still creating challenges for organisations and tenants alike.

EPIC continues to gain momentum and strength across all its activities and successfully regained its Governance G1 rating with the Regulator of Social Housing's Regulatory Judgement in July 2025. This, along with the accompanying Consumer C1 and Viability V2 rating shows just how far EPIC has come in recent years. Through our culture of continuous improvement, we will continue to focus on the gains we have made and look towards the future with positivity and ambition for the organisation, colleagues, tenants and communities.

Despite financial constraints, we have made substantial investment in tenants' homes to meet the quality and building safety commitments required; and we continue to increase our financial capacity to do more over future years. We have worked hard to increase the information we hold on tenants' homes to be able to adapt our services according to specific needs. We are committed in our proactive approach to dealing with damp and mould ensuring tenants' health and safety at all times and homes that are warm and well-maintained.

The Social Housing Regulation Act places a strong focus on the quality of social housing and services provided to tenants and EPIC has been pro-active in ensuring that we are both compliant with the Act but also pragmatic in what we can achieve and enhancing services where possible.

Our Corporate Plan, "Community, connecting, and collaboration" (2024-27) articulates our commitment to working together with tenants and the wider communities. The Plan moves EPIC forward beyond regulatory compliance to truly understanding and meeting the needs and aspirations of tenants. We want them to feel safe in their homes and the wider community and recognise that we are an organisation that truly wants to listen to understand their needs.

We have made significant progress on the way in which we do business, through increasing the capacity and capability of our colleagues to meet the needs of tenants and also the work we have done in ensuring that our technologies support the services to tenants and do not expose EPIC to any potential security threat.

Our organisation continues to be well governed, endorsed by the recent Regulatory Judgement. We expect the organisation to go from strength to strength, delivering even better services to tenants and working alongside others in the community.

A handwritten signature in black ink, consisting of a stylized 'S' and 'W'.

Simon Wilson
Chair of the Board
18 September 2025

A handwritten signature in black ink, consisting of a stylized 'TJ'.

Tracey Johnson
Chief Executive Officer
18 September 2025

Board of Trustees, Executive Officers, Company Information

Board Trustee		Date Joined/ Resigned	Other Committee Membership	Meeting Attendance		
				Attended No.	Total No.	% Attendance
Simon Wilson	B Chair	Apr 23	GRC	6(B)/3(G)	9	100%
Rob Emery	MRC	May 20	n/a	6(B)	6	100%
Nick Leggett		Mar 20	ARAC/GRC	5(B)/3(A)/3(G)	12	92%
Rachel Challinor		Oct 21	GRC	6(B)/3(G)	9	100%
Amandeep Jhawar		Nov 21	ARAC	5(B)/2(A)	9	78%
Dave Newmarch		Oct 21	n/a	5(B)	6	83%
Colin Small		Nov 21/Sept 24	ARAC	3(B)/2(A)	5	100%
Margaret Dodwell	A Chair	Apr 23	ARAC	5(B)/3(A)	9	89%
Alun Bragg		Apr 23	ARAC	6(B)/3(A)	9	100%
Jonathan Moore	G Chair	Apr 23	GRC	5(B)/3(G)	9	89%
Rob Morton		Feb 24	ARAC	5(B)/3(A)	9	89%

Key:

<i>B</i>	<i>Board Meeting</i>
<i>B Chair</i>	<i>Board of Trustee Chair</i>
<i>ARAC</i>	<i>Audit and Risk Assurance Committee</i>
<i>A Chair</i>	<i>Audit and Risk Assurance Committee (ARAC) Chair</i>
<i>A</i>	<i>Audit and Risk Assurance Committee Meeting</i>
<i>GRC</i>	<i>Governance and Remuneration Committee</i>
<i>G Chair</i>	<i>Governance and Remuneration Committee (GRC) Chair</i>
<i>G</i>	<i>Governance and Remuneration Committee Meeting</i>
<i>MRC</i>	<i>Member responsible for Complaints</i>

Board of Trustees, Executive Officers, Company Information

Executive Officers		
Chief Executive	T Johnson	
Director of Housing	C Gleghorn	
Director of Asset Management & Building Compliance	J Parkes	
Changes		
Director of Corporate Services	D Glass	In post to 05.08.24
Head of Business Support Services	K Heath	In post to 05.08.24
Director of Resources	S Shaw	Appointed 05.08.24

Company Information	
Registered Office	131-141 Ubberley Road, Bentilee, Stoke on Trent, Staffordshire, ST2 0EF
Company Secretary	S Shaw
Company No.	3333405
Charity No.	1118644
Regulator of Social Housing Registration No.	L4167
Auditor	Beever and Struthers, The Beehive Lions Drive, Shadsworth Business Park, Blackburn, BB1 2QS
Bank	The Co-operative Bank plc, Birmingham Commercial Banking Centre, 118-120 Colmore Row, Birmingham, B3 3BA
Key lender	Triodos Bank, Deanery Road, Bristol, BS1 5AS

Report of the Board

The Board presents its report and the audited financial statements for the year ended 31 March 2025.

Principal activities

Empowering People Inspiring Communities (EPIC) is a charitable registered provider of social housing and is governed by a Board of Trustees consisting of 10 trustees. We are a community-based housing association managing 1,375 homes across Bentilee, Hanley and Meir areas of Stoke-on-Trent. The vast majority of our homes are for social housing residents, as well as a small number (26) of leasehold properties. Full details of the stock and tenure is shown in Notes 3 and 4 of these financial statements.

Board and governance

The Board of Trustees are remunerated for their service. Board payment was introduced in April 2023 and is due for review in April 2026 as part of a three-year review cycle. Details of the payments made to the trustees can be found in note 7. The Board comprises of a minimum of 5 and a maximum of 12 trustees (including any co-optees that may be in place from time to time). The Chair of the Board is appointed by the Board. The Board trustees who have served during the period are shown on page 4.

Our Executive Officers are listed on page 5; they are not trustees of the Board. They act as an Executive within the authority delegated to them by the Board, as set out in EPIC's Control Framework. The remuneration of the Executive team, along with details of the highest-paid officer, is detailed in Notes 7 and 8 of these financial statements.

The Board has ultimate responsibility for the governance of the Company. The Board's central role is to direct the organisation's work; that is to determine strategic direction. The Board agrees frameworks, strategies and policies and makes decisions on all matters that might create significant financial or other risk to the Company; or which raise material issues of principle. Operational delivery, leadership and management is delegated to the Executive Team.

Committee structure

The main Board is supported by 2 committees - the Audit & Risk Assurance Committee (ARAC) and the Governance and Remuneration Committee (GRC).

Scheduled Meetings during the year ended 31 March 2025

Board	6
Audit Risk and Assurance Committee (ARAC)	3
Governance and Remuneration Committee	3

Incorporated into the number of Board meetings above was a full day of dedicated time for strategic and generative discussions (December 2024). The topics discussed included a review of progress against the corporate plan, EPIC's approach to risk management (including the sector risk profile and risk appetite), hearing the voice of the tenant through engagement and influencing activities, and a focus on the budget and Long-Term Financial Plan.

In addition, an extra unscheduled meeting was held in year, at the Board of Trustees request, to further discuss and finalise the assumptions and stress testing scenarios to be included within the Long-Term Financial Plan in January 2025.

Report of the Board

Board effectiveness and board learning and development has been in-train since November 2022, working with an independent third party, The Connectives, culminating in observation of Board for validation and verification of board's effectiveness over that time, including:

- Exploring the role of Non-Executive and Executive Directors (November 2022).
- Deepening Board effectiveness and exploring collecting appraisal (August 2023).
- Leverage competencies and steering strategic action (October 2023).
- Understanding, reviewing and building of skills and behaviours (September 2023).
- Highly effective Boards, collective appraisal including a review and update of skills and competencies (November 2024).
- Board observation (February 2025).
- The first set of individual Board of Trustee appraisals took place in Q4 of 2024-25.
- Equality, Diversity and Inclusion (April 2025, postponed from February 2025).

The draft Board annual learning and development plan was presented to the Board in February 2025 and the final version incorporating links to the appraisal outcome and skills and competencies self-assessment in Q4 2024-25 was presented to the GRC in May 2025.

Appointment of Board Trustees

Trustees are appointed for three-year terms. The standard period of service is six years, with annual extensions permissible to a maximum of nine years. Service agreements are in place for all trustees.

Board of Trustees skills, quality & experience

Trustees collectively possess the qualities and skills to take decisions and monitor performance. Collectively the Board brings experience and understanding of a broad range of topics including, but not limited to, finance, tenants' issues and local housing need. An annual process of collective appraisals is in place, with a biennial cycle of individual board appraisals, together with a skills matrix to ensure that the ongoing collective experience and behaviours is considered and aligned to succession planning.

Board of Trustees Code of Conduct

Trustees have an obligation to ensure that their private or personal interests do not influence their decisions or compromise their ability to always act in the best interests of EPIC and those whom it seeks to serve. They must not use their position to obtain personal gain of any sort.

Employees

EPIC is committed to ensuring that an effective framework for colleague engagement and communication is in place and that information on matters that concern them is effectively managed and communicated through regular briefings and supported by an established Staff Focus Group. The organisation does not recognise trade unions.

EPIC is committed to Equality, Diversity and Inclusion and full and fair consideration is given to applications for employment made by all people, having regard to their particular aptitudes and abilities. The number of staff that would recommend EPIC as a great place to work was 96%, and 100% were happy with their role and the number expected to be at EPIC in 2 years was 97%.

Report of the Board

Health and Safety

The Board is aware of and takes seriously its responsibilities on all matters relating to health and safety. EPIC has prepared detailed health and safety policies and provides training both to colleagues and to the Board on health and safety matters.

Internal controls assurance

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal controls at EPIC and for reviewing its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve the business objectives, and to provide reasonable assurance against material misstatement or loss.

Following the recent regulatory inspection, EPIC has been graded Governance G1. The improvements made by EPIC over the last few years, in respect to its governance and management of its system of internal controls, have been pivotal in securing the fully compliant result.

EPIC's control framework comprehensively details the following areas:

- Overview, including legal and regulatory context and key stakeholders.
- Composition of the Board and Committees, with detailed Terms of Reference constituting a formal scheme of delegation.
- The Board has retained responsibility for matters such as the strategic direction of EPIC, its Risk Appetite, and its long-term business planning, stress testing and mitigation modelling.
- Governance framework, including articles of association, mission, control framework and financial regulations, risk management, and relevant strategies and policies such as Equality and Diversity Policy.
- Operational structure, information management, health and safety, safeguarding, staff ethics and culture and remuneration of Board and Executives.
- Financial regulations including delegations, budgeting, financial planning, payments, payroll and pensions and insurance and all other relevant areas.

The Audit and Risk Assurance Committee (ARAC) and the Governance and Remuneration Committee (GRC) have met regularly through the year and have supported the Board effectively through the discharge of their responsibilities as documented in their approved Terms of Reference.

Further improvements have been made to the Strategic Risk Register with a number of risks being consolidated or discharged during the year. Further work has also been done to evidence operational risk management processes throughout the organisation.

The Board has received regular reports on progress against the Corporate Plan, financial and operational outcomes, health and safety compliance and complaints monitoring. A robust strategic and business planning process is in place with approved assumptions, stress testing and forecast outturns. Potential mitigations have been identified for deployment should issues materialise.

A series of self-assessments has taken place; including the Consumer and Economic Standards, the Complaints Handling Code and the NHF Code of Governance 2020, which was adopted in this financial year (August 2024).

Report of the Board

EPIC's out-sourced internal audit provider, TIAA, has continued to deliver on the plan agreed with the ARAC which focuses on key areas of risk to EPIC, together with those identified in the Sector Risk Profile. ARAC reviews reports from internal audit, from management and from the statutory auditors, and reports regularly to Board on the extent to which internal controls continue to take account of the nature of risks facing EPIC. A formal process exists for the reporting and implementation of significant control weaknesses and outstanding actions.

The outsourced internal audit programme and the processes and report resulting from the statutory audit of EPIC's financial statements are important sources of assurance to ARAC that internal controls are in place and operating effectively. Risk based audit plans for both services are developed, with organisational input, at the start of each financial year.

The Board has received ARAC's annual report and has conducted an annual review of the effectiveness of internal controls. No weaknesses were found in the internal controls sufficient to cause material misstatement or loss and the system of internal controls operated throughout the year and to the date of signing of the financial statements.

EPIC has high standards of openness and honesty and has in place procedures to minimise the risk of fraud and measures for responding should it occur.

This is further evidenced in the internal audit annual report for 2024-25 from the Head of Internal Audit, TIAA, which states: "TIAA is satisfied that, for the areas reviewed during the year, EPIC has reasonable and effective risk management, control, and governance processes in place."

Continuous improvement and embedding all that has been achieved in 2024-25 will remain a core focus for 2025-26, alongside working with the Board, Regulator of Social Housing, and staff to enhance and improve on service delivery and improvements to the quality of tenants' homes in line with the Corporate Plan.

During the financial year ending 31 March 2025, no significant internal control failings or weaknesses were identified by the Board, Audit & Risk Assurance Committee, Governance and Remuneration Committee or EPIC's internal or external auditors.

The Board considers that a suitable framework of internal control was in place and operating effectively throughout the 2024-25 financial year.

Donations

No donations were made during the year – £Nil (2024: £Nil).

Directors' and Officers' Insurance

EPIC's trustees and officers have personal liability insurance through the organisation's company insurance. Cover was in place throughout the year, and no claims were made.

Provision of information to the Auditor

The trustees of the Board, in attendance at the meeting on the date of approval of these financial statements, have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the trustees of the Board have confirmed that they have taken all the steps that they ought to have taken as trustees of the Board in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Report of the Board

Independent Auditor

Beever and Struthers were re-appointed as auditor at the Board Meeting in September 2024. They have confirmed their willingness to continue in office on a rolling 12-month basis subject to appropriate reviews.

Approval

The report of the Board was approved by the Board on 18 September 2025 and signed on its behalf by:



Simon Wilson
Chair of Board

Strategic Report

Introduction

The Board presents its Strategic Reporting, containing the Operating and Financial Review and value for money statement, for the year ended 31 March 2025.

Overview and background

EPIC owns and manages 1,375 homes for tenants across North Staffordshire with properties in Stoke on Trent, Newcastle-under-Lyme and the Staffordshire Moorlands. In July 2025, as a result of a regulatory inspection by the Regulator of Social Housing our Governance rating was upgraded to G1, we received our first grading against the Consumer Standards, C1 and maintained our Viability rating of V2. These gradings represent the continuous improvement that EPIC has been on since 2021 and are a positive reflection of the organisation.

EPIC's capacity and capability has further evolved during 2024-25 with additional investment in resources, increasing staff numbers in areas of the business to continue to build on the improvements made, including tenant engagement/influence, data/information governance, front-line housing and asset colleagues.

Like others in the sector, EPIC faces challenging decisions and continually seeks to achieve value for money, prioritising our activities to bring about positive outcomes on tenants. The cost-of-living crisis continues to impact tenants and the wider communities and the services and the work that we do in collaboration with our partners is focussed on support and mitigation wherever possible.

Our financial resilience is strengthening, and our organisational culture is positive with tenants at the heart. The co-creation of our 2024-27 Corporate Plan drives a continued focus on tenants', their homes and the wider communities. We are positive that with continued focus and controls in place, our aim to remain as a strong and independent organisation is achievable. This is underpinned by the July 2025 Regulatory Judgement from the Regulator of Social Housing, details here: [Empowering People Inspiring Communities Limited \(L4167\) - Regulatory Judgement: 30 July 2025 - GOV.UK](#)

Tenants' homes

Across the profile of tenants' homes, we have 1,375 properties that we own and manage, with a further 26 leaseholders who have exercised their Right to Acquire or Right to Buy (RTA / RTB). Over a quarter of the properties are made up of family sized homes and there is an offer of a mix of houses, flats and bungalows.

Property Profile (including leaseholders):

1 bedroom flat	261
1 bedroom house	5
1 bedroom bungalow	4
2 bedroom flats	748
2 bedroom house	177
2 bedroom bungalow	29
3 bedroom house	171
3 bedroom bungalow	1
4 bedroom houses	5
Total	1,401

There is a continued demand for the properties that EPIC owns and manages and affordability in comparison to the local housing allowance and private rented sector remains positive.

Strategic Report

Allocations

On average EPIC turned over around 8% of its stock annually. In 2024-25 100 empty properties were returned (2023-24, 98, and in 2022-23, 109). During 2024-25 we suspended the waiting list to new applicants due to the high volumes already active. We are in the process of reviewing the Allocations Policy to ensure we are focusing on housing those most in need. Approximately 50% of properties allocated have been to Stoke on Trent City Council as part of EPIC'S nominations agreement with them.

The time taken to make ready an empty home for a new tenant was 28 days in 2024-25. We experienced a greater variation in the cost and level of required refurbishments for properties returned in the year, which led to a wider variation in individual empty property turnaround times. The achievement of the 28-day target has been achieved through collaboration between the Housing and Asset Management Team and the Void Repairs contractor. Whilst rent loss is slightly up on 2024 this is mainly due to the higher rent charges due to the 7.7% annual increase.

Tenant Engagement and Influence

The level of engagement and influence with, and from, tenants has significantly expanded over the past 12-18 months. Capturing of tenant engagement and influence is critical to be able to triangulate with the wider knowledge of tenants (age, sex, ethnicity) but also to underpin decision-making. EPIC'S Engagement and Influence Log has been developed to support this and capture key information such as number of campaigns, number of tenants involved and outcomes as a result. The Log also captures lessons learned from dealing with complaints.

Tenant Ambassadors continue to work alongside EPIC staff, with recent discussions including EPIC'S Allocations Policy, Complaints and Compliments for 2024/25 and the Renters Right Bill. A Tenant Ambassador attended the TPAS Midlands Regional Event in April 2025; along with three members of staff and two board trustees. We continue to hold quarterly Community Voice events, attended by the Chief Executive, Director of Housing Management and at least one Board Trustee. Two additional Tenant Ambassadors were recruited following the event in May 2025. Over 2024-25, a total of 18 tenants attended Community Voice sessions, providing great insight, sharing personal and wider community concerns and a growing confidence in the services delivered by EPIC.

Tenant usage of Housing Perks continues to increase. By the end of the year, tenants had used 905 vouchers, spending a total of £60,787 and saving £2,802. Vouchers have also been effectively distributed through campaigns, such as the School Shoes Campaign, which issued 77 vouchers. In 2024-25, EPIC issued a total of 98 vouchers for utilities and food worth £4,700 from the Tenancy Sustainment Budget. The actual cost to EPIC was £4,530, resulting in value-for-money savings of £170.

Tenant Satisfaction Measures

2024-2025 saw the second year of the Regulator of Housing's (RSH) Tenant Satisfaction Measures. EPIC used the services of Acuity Benchmarking to conduct the Annual Tenant Engagement survey to gather tenant perception measures and took the opportunity to ask tenants whether or not they believed their homes were suffering from damp and mould. Everyone who shared their details with us, who raised concerns with us, were contacted and visits were carried out to investigate and rectify any issues raised.

EPIC had 525 responses to the survey, exceeding the required 302 responses for the survey results to be relied on. At a high level, the survey showed that in line with 2023-2024 eight out of ten tenants, 81% were satisfied with the overall service provided by EPIC. The number of tenants that were satisfied that they were treated fairly and with respect increased from 81% to 85%. Overall, the results were very positive with the lowest score associated with the satisfaction of EPIC'S handling of complaints which was 42%. We continue to learn from complaints and have a dedicated Board Trustee, our Member Responsible for Complaints (MRC), that scrutinises all complaints, responses and outcomes for tenants and lessons learned.

Strategic Report

Working with others

We have continued our engagement and partnership working with other organisations. We recognise that as a small landlord EPIC does not have capacity and resources to fully support tenants across the variety of their needs, but other people that we work with can help tenants to sustain their tenancy and also to provide the additional support they may need to thrive.

We are involved in a number of best practice and information sharing groups, including, Financial Inclusion/Welfare Reform; Anti-Social Behaviour; and Case Review Panel. We are also involved with Stoke on Trent City Council's Tenant Voice to share knowledge, information, and best practice on tenant scrutiny and progress. Partnership engagement via Making Great Places campaign (Bentilee only) – led by City Council ASB team & involving Police & other support agencies.

We opened a Resource Room at our Ubberrley Road offices – free to use by partners providing advice and support for tenants and residents and the wider community as well as tenants. We have also created, and are using, an Advice & Support directory – a log of local support agencies that colleagues can call upon/refer tenants to for support on specific issues.

In September 2024, EPIC hosted a multi-organisation Stakeholder Event with representatives from circa 40. Organisations. This enabled rich discussions and exploration on what matters in the communities in which we work and how better we could all work together with improved collaboration. As relationships continue to deepen and develop, this is starting to show positive outcomes for all.

Social Housing (Regulation) Act 2023

The Social Housing (Regulation) Act 2023 became law on 25 July 2023, providing the Regulator with the additional powers needed to deliver an enhanced consumer regulation role. In April 2024, the Regulator changed and introduced a stronger and more active regulation of the consumer standards. EPIC completed its self-assessment in 2024 which confirmed that EPIC was compliant. In November 2024, third party consultants provided an independent review of EPIC's self-assessment, and they confirmed that the required assurance and outcomes of the standards were being delivered with some areas for improvement.

From April 2024 the Housing Ombudsman, made a number of significant changes to its Complaint Handling Code. EPIC completed its annual self-assessment against the code and as a consequence modified its policy and procedure, appointing as part of the new code a trustee of the Board, known as the Member Responsible for Complaints.

Asset Management

During 2024-25 a number of key health and safety policies were refreshed including asbestos, electrical, fire, gas and legionella safety. In addition to this the tenant home improvement policy, repairs policy and stock condition policies were all reviewed and updated. Appropriate tenant consultation was undertaken.

Fire Safety

During the financial year 2024-25, we completed the ongoing program of fire safety improvements to our blocks of flats, and all were fully compliant by March 2025.

Investment in tenants' homes

In 2024-25, we installed:

- 86 Kitchens
- 41 Bathrooms
- 67 Boilers
- 17 Roofs
- 109 External Doors
- 114 LD2 Fire Alarms

Strategic Report

As part of our continued improvements to tenants' homes, we have installed 620 humidity-controlled fans in voids, kitchen & bathroom installations and in tenant homes to assist in moisture control.

Repairs & Maintenance

Brenden Fern continues to provide our repairs and maintenance services to all tenants' homes. We continue to work with them to better understand any trends in repairs and to allow us to focus on tenant satisfaction with the repairs service.

In 2024-25, we completed:

- 4,424 day-to-day repairs (up 462 from 3,962 in 2023-24); and
- repairs and upgrades to 100 empty properties.

In addition:

- We completed 94.8% of non-urgent repairs within target timescales compared to 94.5% in 2023-24; and
- 98% of all appointments were kept

Satisfaction with the repairs service is high – 81.9% of respondents to the tenant survey were satisfied with the repairs service, based on 525 responses and 81.4% of STAR surveys returned stated that they were satisfied with the time taken to complete repairs.

Our people and technology

The annual People & Culture Survey was completed in November 2024 and presented to the Governance and Remuneration Committee in May 2025. Key highlights included:

- 96% of employees would recommend EPIC as a great place to work.
- 100% are satisfied with their job.
- 100% feel that leaders are helpful and approachable, feel that information and knowledge is shared openly across the organisation, feel supported and connected to their team, feel changes to processes and systems are communicated in a timely manner and find their work meaningful.
- 97% are likely to be working at EPIC in 2 years' time, feel like they have line manager support when they need it and feel they play a key role within their team.

Key to the success of EPIC and the experience of employees and tenants is the delivery of excellent customer services. Part of the ongoing development of employees is 'The EPIC Connection' a purposefully designed development programme that is focussed on a 'customer-centric' approach underpinned by positive relationships, moving away from purely transactional interactions.

We have seen the positive impact of having an in-house Business Intelligence team. They have provided greater mapping of processes and improved reporting and management of data across the whole organisation. The ability to analyse our tenant data is proving to be an invaluable tool, we have been able to identify underlying trends that we can utilise to develop our services.

We have undertaken externally facilitated tests of our Business Continuity Plans and reported the results to the Audit and Risk Assurance Committee and incorporated lessons learned from the exercise into business-as-usual activity.

Strategic Report

Value for Money (VfM)

The Regulator of Social Housing Value for Money Standard and Code requires providers to report in their statutory accounts against the metrics defined by the Regulator. These metrics are defined in the 'Value for Money Metrics' document issued by the Regulator.

Value for Money underpins the delivery of EPIC's purpose and objectives. Our overarching aim is to achieve our VfM priorities, in order to improve services to tenants and maintain our capacity to deliver our Corporate Plan, with the resources contained within our Long-Term Financial Plan.

Value for Money is a term used to assess whether an organisation has obtained the maximum benefit from the goods and services it acquires and/or provides, within the resources available to it. It measures the costs of goods and services, but it also takes account of the mix of quality, cost and timeliness in order to assess VfM. The VfM Policy was reviewed and updated in February 2025. Having clearly defined strategies in place helps inform decisions about our VfM priorities.

Value for Money is deep rooted in the delivery of our objectives. Our overarching aim is to achieve our VfM priorities. We do this through challenging costs and processes to ensure that value is derived from every transaction/action, whilst still complementing, and running in parallel with our regulatory compliance obligations, to provide better services to tenants, and maintain our capacity to deliver our Corporate Plan.

VfM is incorporated into key strategies and policies including Procurement, Asset Management and Treasury Management. Decisions on VfM will always be taken within the context of our social and business objectives.

Value for money is lived and breathed by staff daily in their roles. The organisation benefits from:

- A comprehensive suite of Key Performance Indicators (KPI) agreed by the Board to provide a picture of EPIC's achievements and progress in relation to the delivery of the Corporate Plan. The KPI suite includes the VfM metrics.
- The use of the RSH VfM Benchmarking Tool which includes numerous metrics for all Registered Providers (RPs) with more than 1,000 units. This tool is used as the primary tool for performance benchmark reporting wherever possible.
 - The selection criteria to be used is:
 - less than 2,000 units; and
 - less than 50% supported housing activity; the RPs will be based in England but will exclude London, the East of England, the Southwest, and the Southeast.
- A robust business planning process and cycle that is led by the Board and the outcomes cascaded to all employees,
- A comprehensive corporate plan that clearly outlines EPIC's strategic objectives and robust business planning process,
- Rigorous performance management and scrutiny processes in place for the Senior Leadership Team monthly and the Board quarterly including management accounts, and KPI's.

The table below details EPIC's performance against both the Value for Money Metrics as well as the Sector Scorecard indicators.

Strategic Report

Value For Money Metric	Sector Median 2023-24	Peer Group Global Accounts 2023-24	EPIC Target 2024/25	EPIC Actual 2024/25	EPIC Target 2025/26	Comment
Reinvestment % <i>This metric looks at investment in properties including existing stock and new stock. This is calculated as a percentage of value of total properties.</i>	7.7%	2.0%	2.1%	2.3%	2.3%	EPIC invested slightly more than its target in 2024-25 which is favourable to its Peer Group in 2023-24. Due to additional capacity in year we were able to bring forward a small element of energy efficiency expenditure helping to progress the drive to EPC C for all properties ahead of 2030. As we are not currently developing, the metric is lower than the sector median. EPIC is committed to ensuring that our stock meets tenants needs and the LTFP reflects this in its provisions for proactive investment in our existing stock over the life of the plan.
New supply delivered (social housing) as a % of total stock <i>This sets out the number of new social housing units that have been acquired or developed in the year as a proportion of total units.</i>	1.4%	1.0%	0.0%	0.0%	0.0%	EPICs focus over the last few years has been on recovery and stability whilst it delivered a Governance Improvement Plan. The Board decided to focus on the core business activities as opposed growth. The short term business plan does not include any additional growth, with the focus on improving our existing stock and establishing an ethos of continuous improvement.
New supply delivered (Non social housing) as a % of total stock <i>This sets out the number of new Non social housing units that have been acquired or developed in the year as a proportion of total units.</i>	0.2%	0.0%	n/a	n/a	n/a	
Gearing % <i>This shows the proportion of our borrowing compared to our assets. A high gearing could indicate that we have taken on too much borrowing however low gearing could indicate that we have capacity to borrow more.</i>	45.6%	37.5%	28.0%	26.2%	26.4%	At the end of the year, EPIC has loans of £16.8m outstanding. Our low gearing levels continue to reduce across the current business plan as existing loans are repaid and no further borrowing is secured. Initial reviews show that the 30 year plan can support additional borrowing of circa £20m subject to a resetting of interest cover definitions to EBITDA only, should our growth ambitions change. As outlined previously the Board have been focused on stability and improving our capacity and operations and investing in our tenants homes as opposed to growth. The gearing is in line with prior years and with the forecast. The level of gearing is below both our Peer Group and the Sector Median.
EBITDA – MRI (Interest Cover) <i>This shows how much cash the organisation is generating compared to interest payments. Any result above 100% means that we are generating surplus cash over and above interest payments</i>	122.0%	162.0%	132.9%	219.0%	141.6%	Due to a combination of factors, including arrears performance and prudent forecasting the surplus reported in 2024-25 was greater than forecast / target, resulting in a higher level of interest cover. The sector has been hit hard by the economic climate and the sector median is at an all time low. Against the harsh backdrop, EPIC's business plan forecasts that interest cover over the next 5 years will be no lower than 140%, being above the sector median. We are performing lower against our peer group because of additional stock investment.
Headline social housing cost per unit (£) <i>The unit cost metric assesses the headline social housing cost per unit as defined by the Regulator of Social Housing</i>	5,316	4,577	4,174	4,062	4,314	EPIC's Social Housing Cost per unit of £4,062 is 9% higher than in 2023-24, reflective of a staff restructure to provide additional capacity and deliver quality of services. The cost per unit across the sector increased by 16% for 2023-24. EPIC's average cost per unit is £1.2k less than the sector median and reflects the fact that most of our stock is general needs, with the support service being provided by third parties. We are out performing our peers, reflecting our tight budgetary control.
Operating Margin % Social Housing <i>This is an indicator of operating efficiency and business health as it measures the amount of surplus generated from turnover on our day to day activities</i>	20.4%	23.4%	12.1%	18.2%	12.8%	Whilst operating margin has increased since 2023-24 to 18.2% (and exceeded target) it still remains below the average for the sector and our Peer group. The latest business plan shows operating margin improving year on year over the next 5 years, reaching 20% by 2031.
Operating Margin % Overall <i>This is an indicator of operating efficiency and business health as it measures the amount of surplus generated from turnover on our day to day activities</i>	18.5%	21.8%	12.1%	18.2%	12.8%	As Above.
Return on capital employed (ROCE) % <i>This metric compares the operating surplus to total assets less current liabilities and assesses the efficient investment of capital resources</i>	2.8%	2.6%	1.6%	2.6%	1.7%	The ROCE at year end 2025 was in line with the peer group and ahead of our own forecast, as some of the provisions we had in place for various potential costs were not incurred at the levels that we had provided for.

Strategic Report

Other Metrics

Metric Description	Sector Median 2023-24	Actual 2023/24	Actual 2024/25	Target/ Forecast 2024/25	Target 2025-26	Comment
Voids <i>This measure illustrates the % rent lost through empty (void) stock %</i>	1.90%	0.53%	0.55%	0.64%	<1%	In 2024-25 we bettered our void turnaround target of 28 days, attaining an average turnaround of 27.48 days, as a result void rent loss is also lower than target at 0.55%. During the year we have had our challenges with a higher number of high value empty properties for various reasons but the teams have worked hard to ensure these did not adversely affect the overall year average. Performance is significantly better than the sector median reported in 2024.
Management cost per unit <i>This metric shows the cost per unit incurred in managing our properties £</i>	1,300	1,160	1,396	1,764	2,000	The Management cost per unit is significantly higher than the sector average and reflects the need for EPIC to invest in staff capacity to review, redesign and embed new processes. This was anticipated and the costs are lower than we had anticipated in 2024-25.
Service charge cost per unit <i>This metric shows the service charge cost per unit £</i>	900	140	142	148	145	EPIC continues to have lower service charge costs than the sector average. Our service charge offering is minimal due to the stock profile and we only have a few supported properties and any support services received by our tenants are provided by third parties. The nature and archetypes of stock that we own have relatively small service charges related to them mainly in relation to communal gardening and lighting.
Maintenance cost per unit <i>This metric shows the average maintenance cost per unit including responsive repairs and planned revenue repairs £</i>	3,000	2,087	2,099	2,261	2,000	Our average maintenance cost per unit remains significantly below the sector average. The spike in 2023-24 was mainly as a result of lower expenditure on fire improvement works required in 2024-25. We are investing greater sums each year in our component replacement programs. There is not a backlog of overdue works underlying this performance, in 2024-25 we actually managed to bring forward some planned works from 2025-26. The approved LTFP shows investment increasing and been maintained at over £1m in the next few years.
Rent Arrears <i>This shows how % of rent arrears compared to rent charged %</i>	N/A	4.72%	3.42%	4.75%	4.35%	Overall rent arrears as a % of rental income fell as a percentage of the rent charged from 4.72% to 3.42%. This demonstrates that despite the difficulties faced by our tenants in the cost of living crisis that we have maintained rent collection targets. As evidenced by the rent collected figures the arrears at year end 2025 were very positive. EPIC like many across the sector has experienced mixed performance with arrears with a trend for more debt associated with those tenants on Universal Credit.
Rent Receivable <i>This shows how effective we are at collecting rents due %</i>	N/A	99.5%	100.1%	98.5%	99.00%	This demonstrates that despite the difficulties faced by our tenants in the cost of living crisis that we have managed to exceed rent collection rates and targets. The performance is very good given that there was a rent increase of 7.7% in April 2024 in line with the rent standard. We have fully utilised the tenancy sustainment budget that was established to assist tenants with other aspects of maintaining a successful tenancy.

Strategic Report

Financial review

During the year, several improvements have been introduced within the Financial and Governance processes. These include the review and the revision of the Treasury Management Policy and Strategy supported by the David Tolson Partnership. Treasury and Banking, Assets and Liabilities Register (ALR) and Rent Setting, Collection and Arrears Management were all subject to internal audits conducted by TIAA. All three audits produced Substantial Assurance with minor recommendations having all been implemented.

We have also incorporated more component data into our core systems to improve the security and stability of the data that we manage and reduce the risks associated with using spreadsheets in line with the Corporate Plan.

The Statement of Comprehensive Income for the year ended 31 March 2025 and the Statement of Financial Position as of 31 March 2025 are shown on pages 27 and 28.

The key financial highlights for EPIC are as follows:

- The total comprehensive income for the year of £1,017k compares to £205k in 2023-24. There was a positive impact from the actuarial gain on the Social Housing Pension Scheme (SHPS) defined benefit scheme of £103k. It has been confirmed that EPIC's liabilities in relation to the scheme have been reduced as a consequence of the 2023 valuation.
- The key areas where income or costs have changed from 2024 to 2025 are:
 - Turnover of £6,752k versus £6,171k in 2024 represents a net increase of £581k, which equates to 9.4%. This is due to the combination of a 7.7% rent increase applied in April 2024, and 2024-25 being a 53 week rent year. Void losses were £37k which was £5k higher than in 2023-24 of £32k, because of the higher average rents following the increase, in addition to the extra week in 2024-25. The average target relet time of 28 days was achieved within the year.
 - Management costs are £314k higher than in 2024 at £1,917k. This is mainly due to the impact of the new staffing structure. There were other budget headings with greater year on year comparative variances that contributed to the remainder of the movement and these included the creation of the tenancy sustainment budget, increased audit and Regulator / Ombudsman fees, offset by lower expenditure on insurance, utilities and ICT projects as the body of work was undertaken in 2023-24 to improve the stability of the ICT infrastructure.
 - Overall routine maintenance costs are broadly in line with the prior year with a £39k reduction compared to 2023-24. Again, there is a variation in budget headings with voids coming in less than in 2023-24 and more cyclical expenditure being incurred in relation to electrical testing and remedial works and asbestos surveys.
 - Planned and Major repairs were £584k compared to £659k a reduction of £75k. This reflects the lower fire improvement measures needed in year in respect of 6 blocks, these were circa £160k less than in 2023-24 but were offset by increased costs of major repairs work identified and completed of circa £28k, (including damp and mould works), and the commencement of a program of environmental works to work towards EPC C of £64k.

Strategic Report

Financial review (continued)

- The bad debt charge decreased from £60k in 2023-24 to £36k in 2024-25. The same methodology was applied in calculating the provisions, but at year end the current arrears were only 2.08% of the rent debit versus 2.8% in 2023-24.
- During 2024-25 we sold six properties that generated sales proceeds of £530k and a profit on disposal of £155k. Five disposals were either by Right to Acquire, Rent to Buy and the other was a disposal at our discretion in line with our Stock Rationalisation policy.
- We introduced a new Treasury Management Policy and Strategy in late 2024 and opened two additional interest generating investment accounts, which resulted in interest receivable increasing from £8k to £35k.
- Financing costs are broadly in line with last year at £506k, versus £514k in 2023-24. The loan note 24 explains that all loans are fixed until 2030-31.
- Based on the statement of comprehensive income, the operating surplus for the year of £1,386k represents 20.5% of turnover, compared to 13.8% in 2024 when the operating surplus was £849k. The increase in operating margin is primarily because of the additional income outlined above, offset by the increased costs in certain areas.
- The Statement of Financial Position shows an overall increase of £988k, from £28.8m to £29.8m in year. The main movements are outlined below:
 - Fixed Assets decreased by £258k in the year because of a combination of factors. We invested £1,196k in component replacements and other fixed asset additions this was more than offset by depreciation charges of £750k, (net of depreciation write out costs) and the write off costs of £704k mainly in relation to the property disposals that took place in the year.
 - Debtors increased by £47k, attributable to two Right to Acquire discounts that were received in April and an increase in other debtors held at year end.
 - The year-end cash and short-term investment position increased by £618k from £3.255m to £3.873m, because of the trading results and the low levels of rent arrears. We opened two further investment accounts and placed a combined £2m in these to maximise income generation.
 - Creditors less than one year increased by £151k due to a combination of factors. A reduction in trade creditors was more than offset by an increase in accruals, a net increase of £66k. The remainder of the increase was mainly because of increased rent prepayments of circa £69k and £12k in respect of loans amounts due in less than one year.
 - The amount related to creditors over one year decreased by £525k, mainly as a result of the capital repayments on loans of £490k, and a reduction in grant as a result of grant amortisation and grant on disposals net of transfers to the Recycled Capital Grant Fund generated by property sales.
 - The provision for the pension deficit decreased by £207k, reflecting the reduction in the actuarial valuation of the outstanding deficit and the pension deficit payments made during the year.

Strategic Report

Financial review (continued)

- The movement in reserves of £988k mainly relates to the trading surplus of £1,017k in the year net of a transfer from the revaluation reserve in relation to a property disposal.

Funding and Treasury

In relation to Funding and Treasury activity, our sole lender is Triodos. Our principal bank providing day-to-day transactional support is the Co-operative Bank Plc. As of 31 March 2025, arranged facilities were £19.3m, all of which are fully drawn, and repayments have commenced. The outstanding balance at 31 March 2025 £16.8m. All the total debt drawn is at fixed interest rates until at least 2030.

EPIC is fully compliant with its two key loan covenants, and as at 31 March 2025 Interest Cover was 216% against a minimum 110% and Asset Cover was 169% versus a minimum of 125%.

Whilst the long-term financial plan shows that we do not require any additional funding to support our current plans, there were 424 units of unencumbered units of stock, subject to satisfactory gearing and interest cover calculations, which would provide approximate security headroom of MV-STT of £23.7m should our plans evolve.

Treasury activities are controlled and monitored by the Board and are executed by the Director of Resources. During 2024-25 the business modelling function has been brought in house, giving EPIC more flexibility and greater control over longer term investment decisions. EPIC's financial instruments comprise borrowings, cash and liquid resources, and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to finance operations.

Future plans, risks and uncertainties

- The Board completed a comprehensive strategic review during 2023-24 and reset the corporate strategy for the period 2024-27.
- Contained within the latest corporate strategy (2024-27) are five key strategic objectives:
 - Tenants – working alongside tenants, ensuring that their tenancy with EPIC is sustainable, supported and enjoyable;
 - Tenants' Homes – ensuring that tenants' homes are accessible, right size, safe, and well maintained and there is clear and timely communication in place for replacing key components;
 - Communities – making the most of EPIC's geography and place in the community for the benefit of all. This will be drive by having deep knowledge of every tenant, their community and other organisations in the area;
 - Information – making the best use of technology available and be confident in the integrity of the data held to inform decision-making; and
 - Developing our culture to enable a great employee experience and opportunities to fulfil everyone's potential for the benefit of the individual and tenants.
- Delivery of the corporate strategy, alongside business-as-usual activity, has been translated into a number of key projects across the organisation for 2025-26 continuing the work started in 2024-25.

Strategic Report

Future plans, risks and uncertainties (continued)

- The golden thread across all key objectives is tenant influence and engagement, maintenance of homes and data.
- The Board recognises that the current operating environment is challenging and uncertain largely due to a combination of, political leadership overseas, ongoing challenges and impacts of inflation and the conflicts in the Middle East and Ukraine. The Board with the support of ARAC will continue to closely monitor the comprehensive suite of key performance indicators (KPI's) and management accounts throughout the year to ensure that performance is aligned to the budget.
- Our approach to financial resilience remains strong with continued close monitoring of budgets, value for money and actions that could be deployed in the event of risk crystalising.
- ARAC actively reviews the Strategic Risk Register at all meetings and the Board will be completing reviews at least bi-annually as set out within EPIC's Control Framework.

The Governance, Financial Viability and Consumer Standard

The Board can confirm compliance with the Governance, Financial Viability and Consumer Standard. EPIC received its latest Regulatory Judgement in July 2025 confirming G1, V2, C1 status.

National Housing Federation Code of Governance

Following review and recommendation by the Governance and Remuneration Committee the Board has adopted the National Housing Federation's Code of Governance 2020. As part of the ongoing continuous improvement plan a self-assessment was submitted to the GRC in May 2025 for scrutiny and subsequent review by the Board. The self-assessment concluded that EPIC is compliant against the 2020 code.

Statement of Board responsibilities

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

Registered Provider legislation requires the Board to prepare financial statements for each financial year. Under that legislation the Board elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Housing Association legislation, the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the Board is required to:

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

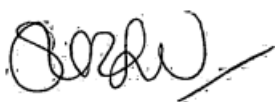
Strategic Report

Statement of Board responsibilities (continued)

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with Housing Association legislation. 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.

The Executive Team are responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board on 18 September 2025 and signed on its behalf by



Sharon Shaw
Company Secretary

Auditors Independent Report

Independent Auditor's Opinion

Opinion

We have audited the financial statements of Empowering People Inspiring Communities Limited (the 'company') for the year ended 31 March 2025 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the statement of Changes in Reserves, the Statement of 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 company's affairs as at 31 March 2025 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, 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 company 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 Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company'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.

Auditors Independent 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 is responsible for the other information. 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.

In connection with our audit of the 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Board's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Board's report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Board's report.

We have nothing to report in respect of the following matters in relation to which Companies Act 2006 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 trustees' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion a satisfactory system of control over transactions has not been maintained.

Auditors Independent Report

Responsibilities of the Board

As explained more fully in the Board's Responsibilities Statement set out on page 21, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board 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 company'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 company or to cease operations, or have no realistic alternative but to do so

Auditor's responsibilities for the audit of the financial statements

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

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.

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Companies Act, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022 tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud.
- We enquired of the Board about any incidences of fraud that had taken place during the accounting period

Auditors Independent Report

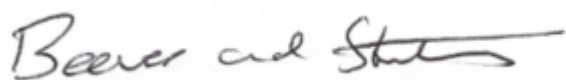
Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing, recognising the nature of the company's activities and the regulated nature of the company's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of the audit report

This report is made solely to the company's trustees, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's trustees 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 company and the company's trustees as a body for our audit work, for this report, or for the opinions we have formed.



Mark Bradley (Senior Statutory Auditor)
For and on behalf of
Beever and Struthers
Statutory Auditor
The Beehive Lions Drive
Shadsworth Business Park
Blackburn
BB1 2QS

Date: 23 September 2025

Statement of Comprehensive Income

		Year Ended 31 March 2025 £	Year Ended 31 March 2024 £
	Note		
Turnover	1,2	6,751,835	6,170,820
Operating costs	2	(5,520,967)	(5,328,145)
Gain on disposal of property, plant and equipment	21	155,438	6,254
Operating surplus		1,386,306	848,929
Interest receivable net of notional RCGF interest		34,638	8,244
Interest and financing costs	5	(506,330)	(514,412)
Surplus before taxation		914,614	342,761
Taxation		-	-
Surplus for the year after taxation		914,614	342,761
Other comprehensive income			
Actuarial gain/(loss) in respect of pension scheme	16	103,000	(137,497)
Total comprehensive income for the year		1,017,614	205,264

The results relate wholly to continuing activities and the notes on pages 31 to 50 form an integral part of these accounts.

Statement of Financial Position

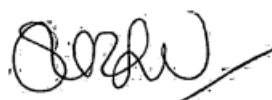
	Note	As At 31 March 2025 £	As At 31 March 2024 £
Fixed assets			
Tangible fixed assets	9	50,011,449	50,268,977
Investments in subsidiary	10	1	1
		50,011,450	50,268,978
Current assets			
Trade and other debtors	11	606,463	559,406
Investments	12	2,453,232	439,363
Cash and cash equivalents	12	1,420,005	2,815,432
		4,479,700	3,814,201
Less: Creditors: amounts falling due within one year	13	(1,570,702)	(1,419,231)
Net current assets		2,908,998	2,394,970
Total assets less current liabilities		52,920,448	52,663,948
Creditors; amounts falling due after more than one year	14	(22,798,056)	(23,322,652)
Provisions for liabilities			
Pension – defined benefit liability	16	(323,313)	(529,957)
Total net assets		29,799,079	28,811,339
Reserves			
Revaluation reserve		8,379,472	8,822,345
Revenue reserve		21,419,07	19,988,994
Total Reserves		29,799,079	28,811,339

Company registration number 3333405.

The financial statements on pages 27 to 50, were approved and authorised for issue by the Board on 18 September 2025 and were signed on its behalf by:



S Wilson – Chair



S Shaw – Company Secretary

Statement of Changes in Reserves

	Revenue Reserve £	Revaluation Reserve £	Total £
Balance at 31 March 2023	19,484,730	9,121,345	28,606,075
Surplus 2023/24	205,264	-	205,264
Transfer between reserves (excess depreciation)	299,000	(299,000)	-
Balance at 31 March 2024	19,988,994	8,822,345	28,811,339
Surplus 2024/25	1,017,614	-	1,017,614
Transfer between reserves (excess depreciation)	413,000	(413,000)	-
RTA Property Disposals	-	(29,874)	(29,874)
Balance at 31 March 2025	21,419,608	8,379,471	29,799,079

Statement of Cash Flows

	Note	Year ended 31 March 2025 £	Year ended 31 March 2024 £
Net cash generated from operating activities (see below)		2,211,046	1,276,700
Cash flow from investing activities			
Purchase of tangible fixed assets		(1,196,200)	(898,583)
Proceeds from sale fixed assets		530,000	135,750
Interest received		39,935	12,601
Cash flow from investing activities		(626,265)	(750,232)
Cash flow from financing activities			
Interest paid		(483,329)	(514,411)
Repayment of borrowing		(483,010)	(469,027)
Subtotal		(966,339)	(983,438)
Net change in cash and cash equivalents		618,442	(456,970)
Cash and cash equivalents at beginning of the year		3,254,795	3,711,765
Cash and cash equivalents at end of the year	12	3,873,237	3,254,795
Cash flow from operating activities			
Surplus before taxation		914,614	342,761
Adjustments for non-cash items:			
Depreciation of tangible fixed assets		1,077,914	1,059,459
Movement in bad debt provision		(41,235)	11,049
Movement in trade and other debtors		(5,823)	(128,622)
Movement in trade and other creditors		167,215	(311,604)
Pension costs less contributions payable		(126,643)	(124,020)
Adjustments for investing or financing activities:			
Surplus from the sale of tangible fixed assets		(155,439)	(9,590)
Government grants utilised in the year		(68,249)	(68,899)
Interest payable		483,329	514,411
Interest received		(34,637)	(8,244)
Net cash generated from operating activities		2,211,046	1,276,701

Reconciliation of Net Debt	At the Beginning of the Year £	Cashflows £	At the End of the Year £
Cash and Cash Equivalents	3,254,795	618,441	3,873,236
Housing Loans Due in 1 Year	(483,011)	(12,342)	(495,353)
Housing Loans Due After 1 Year	(16,797,431)	490,064	(16,307,367)
	(14,025,647)	1,096,163	(12,929,484)

Notes to the Financial Statements

Legal Status

Empowering People Inspiring Communities Limited is incorporated under the Companies Act 2006 as a company limited by guarantee without share capital and is registered with the Regulator of Social Housing in England as a Private Registered Provider as defined by the Housing and Regeneration Act 2008 and the Charity Commission.

Principle Accounting Policies

(a) Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018. The Association is a Public Benefit Entity and has applied the Public Benefit Entity Section of FRS102.

The financial statements comply with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. The accounts are prepared on the historical cost basis and are presented in sterling for the year ended 31 March 2025.

The financial statements have been prepared in compliance with FRS102.

(b) Going concern

The Association's financial statements have been prepared on a going-concern basis which assumes an ability to continue operating for the foreseeable future. No significant concerns have been noted and we consider it appropriate to continue to prepare the financial statements on a going concern basis.

(c) Critical accounting judgements and key sources of estimation uncertainty

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

- **Categorisation of housing properties**

The Association has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Association has considered if the asset is held for social benefit or to earn commercial rentals. The Association has determined that all property is held for social benefit.

- **Impairment**

Impairment is recognised where the carrying value of a cash-generating unit exceeds the higher of the net realisable value or its value in use. The Association has identified a cash-generating unit for impairment assessment purposes at a property unit level.

Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash-generating unit is recognised by a charge to the Statement of Comprehensive Income.

Notes to the Financial Statements

Principle Accounting Policies (continued)

Following a trigger for impairment, impairment tests are performed based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in an arm's length transaction on similar cash-generating units (properties) or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on either a depreciated replacement cost or a discounted cash flow model. The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the Association as the existing property.

The cash flows are derived from the Long-Term Financial Plan and do not include restructuring activities that the association is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes. Following the assessment of impairment, no impairment losses were identified in the reporting period.

- **Development expenditure**

The Association capitalises development expenditure in accordance with the accounting policy described on page 34. Initial capitalisation of costs is based on management's judgement that the development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

- **Pension and other post-employment benefits**

The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high-quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector. Further details are given in note 16.

Notes to the Financial Statements

Principle Accounting Policies (continued)

(d) Other key sources of estimation and assumptions

Tangible Fixed Assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

(e) Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities and for its investment function Homes England, 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 letting and is presented net of voids.

(f) Service charges

Service charge income and costs are recognised on an accruals basis. The Association operates both fixed and variable service charges on a scheme-by-scheme basis in full consultation with residents. Where variable service charges are used, 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. Until these are returned or recovered they are held as creditors or debtors in the Statement of Financial Position.

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 long-term creditors.

(g) Loan interest costs

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan.

- **Loan finance issue costs**

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income account in the year in which the redemption took place.

(h) Taxation

The Association gained charitable status on 2 April 2008 and therefore its general activities fall outside the scope of the United Kingdom Taxation legislation. The Association is not registered for VAT purposes.

Notes to the Financial Statements

Principle Accounting Policies (continued)

(i) Housing properties

Tangible fixed assets are stated at deemed cost or cost, less accumulated depreciation. The Association has elected to use a previous GAAP valuation of the housing properties as deemed cost on transition to FRS102.

All properties and land are freehold. Freehold land held for development is not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The Association depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

UELs for identified components are as follows:

	Years
Housing Structure	100
Roof	60
Windows	25
Bathrooms	30
Kitchens	20
Boilers	15
Heating Distribution Systems	30
Electrical Rewires	30
Solar panels	25
Composite Doors	30

Other Tangible Fixed Assets, de-minimis for capitalisation is £2,000.

Depreciation is charged on other tangible fixed assets on a straight-line basis over the expected economic useful lives which are as follows:

	Years
Freehold Offices	50
Office furniture	10
Office equipment	4
Tools and equipment	2
Computer equipment	2-5

The Association has elected to use a previous GAAP valuation of the freehold offices as deemed cost at transition to FRS102 in 2016.

(j) Capitalisation of interest and administration costs

No interest or administration costs are capitalised. There is potential to capitalise administration costs if directly attributable to development.

(k) Property managed by other parties

Where the Association carries the majority of the financial risk on property managed by other parties, income arising from the property is included in the Statement of Comprehensive Income.

The assets and associated liabilities are included in the Association's Statement of Financial Position.

Notes to the Financial Statements

Principle Accounting Policies (continued)

(l) Leasing

Payments for operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

(m) Investments

Investments held in subsidiaries are stated at cost less accumulated impairment and are included in fixed assets. Current asset investments include cash and cash equivalents invested for periods of more than 24 hours. They are recognised initially at cost and subsequently at fair value at the reporting date. Any change in valuation between reporting dates is recognised in the statement of comprehensive income.

(n) Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

(o) Non-government grants

Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised when received or receivable. Where grant is received with specific performance requirements it is recognised as a liability until the conditions are met and then it is recognised as turnover.

(p) Social housing grant and government grants

Where acquisitions have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in turnover over the estimated useful life of the associated asset structure (not land), under the accruals model.

SHG must be recycled 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.

(q) Non-monetary government grant

On disposal of assets for which non-monetary government grants are held as liabilities in the Statement of Financial Position, the unamortised amount in creditors is amended and included as income in the Statement of Comprehensive Income.

(r) Recycling of capital grant

Where Social Housing Grant is recycled, as described above, the SHG is credited to a fund which appears as a creditor until used to fund the acquisition of new properties, where recycled grant is known to be repayable it is shown as a creditor within one year.

(s) 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.

Notes to the Financial Statements

Principle Accounting Policies (continued)

(t) Retirement benefits

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services.

The Association participates in the Social Housing Pension Scheme ('SHPS'), a defined benefit multi-employer pension scheme, and defined contribution scheme administered by TPT Retirement Solutions ('TPT').

The deficit payments related to the Defined Benefit, final salary scheme is charged as a management expense, in line with the SHPS deficit repayment plan.

(u) Reserves policy

The Association is able to freely utilise the revenue reserves to further its objectives. In line with our approved Business Plan, we are currently utilising our reserves for improving our existing stock. When reviewing any opportunities, we need to ensure that whilst fulfilling the Association's objectives and aims that they are also financially viable in the longer term.

(v) Financial instruments

All loans held by the Association are classified as basic financial instruments in accordance with FRS 102. They are measured at transaction price plus transaction costs initially; and subsequently at amortised cost using the effective interest rate method. Loans repayable within one year are not discounted.

Financial Assets

Trade and Other Debtors

Trade and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment loss.

A provision for impairment of trade debtors is established where there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the Statement of Comprehensive Income for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the Statement of Comprehensive Income.

Financial Liabilities

Trade and Other Creditors

Trade and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price less any amounts settled.

All loans held by the Association are classified as basic financial instruments in accordance with FRS102.

Notes to the Financial Statements

1 Turnover, cost of sales, operating expenditure and operating surplus

2025

	Turnover	Cost of sales	Operating expenditure	Operating surplus
	£	£	£	£
Social housing lettings (note 2)	6,746,843	-	5,515,975	1,230,868
Activities other than social housing	4,992	-	4,992	-
Total	6,751,835	-	5,520,967	1,230,868

2024

	Turnover	Cost of sales	Operating expenditure	Operating surplus
	£	£	£	£
Social housing lettings (note 2)	6,160,857	-	5,318,182	842,675
Activities other than social housing	9,963	-	9,963	-
Total	6,170,820	-	5,328,145	842,675

Notes to the Financial Statements

2 Turnover and operating expenditure

	2025	2024
	£	Restated £
Income		
Rent receivable net of identifiable service charges	6,502,989	5,936,559
Service charges income	175,605	155,398
Net rental income	6,678,594	6,091,957
Amortised government grants (Note 15)	68,249	68,899
Turnover from social housing lettings	6,746,843	6,160,856
Operating expenditure		
Management	1,917,089	1,603,617
Service charge costs	195,264	193,900
Routine maintenance	1,715,516	1,754,765
Planned maintenance	63,599	-
Major repairs expenditure	520,307	659,085
Movement in Bad debt provision	36,007	59,954
Depreciation of housing properties	1,068,193	1,046,860
Operating expenditure on social housing lettings	5,515,975	5,318,181
Operating surplus from social housing lettings	1,230,868	842,675
Activities other than social housing lettings		
Sundry Income	4,992	9,963
Sundry Expenditure	4,992	9,963
Operating surplus from activities other than social housing lettings		-
Total operating surplus	1,230,868	842,675
Void rental losses	37,279	32,442

3 Accommodation owned, managed and in development

	No. of properties		No. of properties	
	Owned	Managed	Owned	Managed
	2025	2025	2024	2024
Social Housing				
Under Management at the end of the year:				
General needs housing – Social Rent	1,098	-	1,100	-
– Affordable Rent	209	-	187	-
– Intermediate	47	-	73	-
– Leasehold	26	-	24	-
– Shared Ownership	2	-	2	-
Supported Housing	19	-	20	-
Total Owned and Managed	1,401	-	1,406	-
General needs housing – In development	-	-	-	-
Total in development	-	-	-	-
Total owned, managed & in development	1,401	-	1,406	-

Notes to the Financial Statements

4 Accommodation managed by others

EPIC owns property managed by other bodies.

General needs – Social Rent

No of properties	No of properties
2025	2024
19	20

5 Interest and financing costs

	2025	2024
	£	£
Deferred benefit pension charge	23,000	21,499
Amortisation of Loan arrangement fees	13,004	13,004
Other financing costs	5,034	20
Loan interest payable	465,291	479,888
	506,329	514,411

6 Surplus on ordinary activities

	2025	2024
	£	£
The operating surplus is stated after charging/(crediting):		
Annual audit of the Association's financial statements	27,600	23,201
Fees payable to the auditor for other services to the Association:		
Taxation compliance services	-	-
Operating lease rentals – Office equipment	5,637	1,498
Depreciation of housing properties	1,068,193	1,046,860
Depreciation of other fixed assets	9,722	12,600
Amortisation of grant	(68,249)	(68,899)

Notes to the Financial Statements

7 Key Management Personnel

The Non- Executive Board Trustees received emoluments in the year to 31 March 2025 totalling £33,229 (2024 - £34,400). These were paid as shown below:

		Emoluments	Expenses	Total
		£	£	£
R Emery		2,500	353	2,853
R Challinor		2,500	-	2,500
S Wilson	Chair of Board	5,000	151	5,151
N Leggett		2,500	504	3,004
M Dodwell	Chair of ARAC	3,500	911	4,411
J Moore	Chair of GRC	3,500	349	3,849
D Newmarch		2,500	-	2,500
C Small	Resigned September 2024	1,250	59	1,309
A Jhavar		2,500	152	2,652
A Bragg		2,500	-	2,500
R Morton		2,500	-	2,500
		30,750	2,479	33,229

	2025	2024
	£	£
The aggregate emoluments paid to or receivable by trustees and the executive management team	380,665	418,503
The pension contributions paid to the key management personnel	16,663	18,439
The emoluments paid to the highest-paid Director excluding pension contributions	95,400	95,354

The Chief Executive is an ordinary member of the pension scheme. The pension scheme offered from May 2016 was a defined contribution scheme funded by annual contributions by the employer and employee. No enhanced or special terms apply. There are no additional pension arrangements. A contribution by EPIC of £4,770 (2024: £4,767) was paid in addition to the personal contributions of the Chief Executive.

Key Management Personnel are defined as the trustees of the Board and Executive Team.

In line with the Transparency, Influence and Accountability Standard of the Regulator of Social Housing we are required to report on the aggregate amount of remuneration paid (including NI and pension) to Key Management Personnel, (including the Executive Team) relative to the size of the landlord. We calculate this to be £421,215 divided by the number of units owned of 1,375 (excluding leaseholders), which equates to £306 per unit.

The RSH also requires us to report on the highest paid Director, (excluding pension and NI costs), relative to the number of units. We calculate this to be £69 per unit, with the calculation of £95,400 divided by 1,375 units.

Notes to the Financial Statements

8 Employee information

	2025 No.	2024 No.
The average number of persons employed during the year expressed in full time equivalents (35 hours per week) was:		
Office staff	32	27
Wardens, caretakers and cleaners	1	1
Total employees	33	28
	£	£
Staff costs		
Wages and salaries	1,434,117	1,205,766
Social security costs	149,020	118,937
Other pension costs (Defined benefit & defined contribution)	80,064	68,189
Total Employee Costs	1,663,201	1,392,892
	No.	No.
Aggregate number of full-time equivalent staff whose remuneration exceeded £60,000 in the year		
£60,001 to £70,000	4	3
£70,001 to £80,000	-	-
£80,001 to £90,000	-	1
£90,001 to £100,000	1	-
£110,001 to £120,000	-	1
	2025	2024
Remuneration payable to the highest paid Director	95,400	95,354

Notes to the Financial Statements

9 Tangible fixed assets

	Social Housing Properties Completed £	Social Housing Properties Not Completed £	Land £	Freehold offices £	Office Furniture and equipmen t £	Total £
Cost or valuation						
At 31.3.24	60,297,694	-	50,000	188,046	535,692	61,071,432
Revaluation	-	-	-	-	-	-
Additions						
Properties	-	-	-	-	30,056	30,056
Additions						
Components	1,166,145	-	-	-	-	1,166,145
Component						
Replacements	(275,406)	-	-	-	-	(275,406)
Property						
Disposals	(428,622)	-	-	-	-	(428,622)
OFA Disposals	-	-	-	-	(158,319)	(158,319)
At 31.3.25	60,759,811	-	50,000	188,046	407,429	61,405,286
Depreciation / impairment						
At 31.3.24	10,263,937	-	-	25,213	513,305	10,802,455
Charge for year	1,068,193	-	-	3,514	6,208	1,077,915
Components replaced	(275,405)	-	-	-	-	(275,405)
Property Disposals	(52,809)	-	-	-	-	(52,809)
OFA Disposals	-	-	-	-	(158,319)	(158,319)
At 31.3.25	11,003,916	-	-	28,727	361,194	11,393,837
NBV 31.3.25	49,755,895	-	50,000	159,319	46,235	50,011,449
NBV 31.3.24	50,033,757	-	50,000	162,833	22,387	50,268,977
					2025	2024
					£	£
Components capitalised					1,166,145	826,435
Amounts charged to expenditure					520,307	659,084

Notes to the Financial Statements

10 Fixed asset investments

	2025	2024
	£	£
At 31.3.24	1	1
Additions in the year	-	-
At 31.3.25	1	1
Net book value 31.3.25	1	1
Net book value 31.3.24	1	1

The Company owns 100% of the issued share capital of EPIC Regeneration Services Limited, a company incorporated in England and Wales. This Company has aggregate capital and reserves of £1 and has been dormant since incorporation.

Under the provision of section 399 of the Companies Act 2006 the Association is exempt from preparing consolidated accounts and has not done so. Therefore, these accounts show information about the Association as an individual entity.

11 Trade and other debtors

	2025	2024
	£	£
Rent arrears	222,681	287,686
Less: provision for bad debts	(178,461)	(229,639)
Other debtors	229,929	173,158
Prepayments and accrued income	332,314	328,201
Total	606,463	559,406

All debtors are due within one year.

12 Cash and cash equivalents

	2025	2024
	£	£
Investments	2,453,232	439,363
Cash at bank and in hand	1,420,005	2,815,432
Total	3,873,237	3,254,795

Included in the above is £116,339 (2024: £111,108) held in trust for Leaseholders.

Notes to the Financial Statements

13 Creditors: amounts falling due within one year

	2025	2024
	£	£
Trade creditors	54,530	243,336
Deferred capital grant (Note 15)	68,249	68,899
Rents and service charges paid in advance	265,242	196,356
Service charge balances held on behalf of leaseholders	116,339	111,108
Accruals and deferred income	571,080	315,745
Loans	495,353	483,011
Other creditors	(91)	776
Total	1,570,702	1,419,231

Loans are secured by housing properties, see note 23.

14 Creditors: amounts falling due after more than one year

	2025	2024
	£	£
Deferred Capital Grant (Note 15)	6,223,506	6,356,106
Loans	16,307,367	16,797,431
Recycled Capital Grant Fund	267,183	169,115
Total	22,798,056	23,322,652

Loans are secured by housing properties, see note 23.

15 Deferred capital grant

	2025	2024
	£	£
At 31.3.24	6,425,004	6,467,101
Grant transferred from RCGF	-	49,302
Grant transferred Re Property Disposals	(65,000)	(27,500)
Amortised in the year	(68,249)	(68,899)
At 31.3.25	6,291,755	6,425,004
Amount due to be released in less than 1 year	68,249	68,899
Amount due to be released after 1 year	6,223,506	6,356,105
Total	6,291,755	6,425,004

16 Provision For Liabilities – Social housing pension scheme

The Association participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 400 non-associated employers. The Scheme is a defined benefit scheme in the UK and administered by TPT Retirement Solutions.

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 triennial valuation of the scheme for funding purposes was carried out as at 30 September 2024. This valuation revealed a deficit of £636m (£1,560m 2020). A Recovery Plan remains in place with the aim of recovering this deficit by 31 March 2028.

Notes to the Financial Statements

16 Provision for Liabilities – Social housing pension scheme (continued)

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. The Pensions Trust has estimated cost for EPIC withdrawing from the scheme as at 30 September 2024 is £1,024,460.

Fair value plan of assets, present value of defined benefit obligation and defined benefit asset/(liability)

	2025	2024
	£'000	£'000
Fair value of plan assets	2,211	2,217
Present value of defined benefit obligation	2,534	2,747
(Deficit)/surplus in plan	(323)	(530)
Defined benefit (liability)/asset to be recognised	(323)	(530)

Reconciliation of opening and closing balances of the defined benefit obligation

	2025	2024
	£'000	£'000
Defined benefit obligation at start of period	2,747	2,740
Expenses	4	4
Interest expense	134	132
Actuarial losses (gains) due to scheme experience	116	(26)
Actuarial losses (gains) due to changes in demographic assumptions	-	(25)
Actuarial losses (gains) due to changes in financial assumptions	(435)	(57)
Benefits paid and expenses	(32)	(21)
Defined benefit obligation at end of period	2,534	2,747

Reconciliation of opening and closing balances of the fair value of plan assets

	2025	2024
	£'000	£'000
Fair value of plan assets at start of period	2,217	2,249
Interest income	111	111
Experience on plan assets (excluding amounts included in interest income) – gain (loss)	(216)	(245)
Employer contributions	131	123
Benefits paid and expenses	(32)	(21)
Fair value of plan assets at end of period	2,211	2,217

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 (£105,000).

Notes to the Financial Statements

16 Provision for Liabilities – Social housing pension scheme (continued)

Defined benefit costs recognised in the statement of comprehensive income (SOCI)

	2025	2024
	£'000	£'000
Expenses	4	4
Net interest expense	23	21
Defined benefit costs recognised in Statement of Comprehensive Income (SOCI)	27	25

Defined benefit costs recognised in other comprehensive income (OCI)

	2025	2024
	£'000	£'000
Experience on plan assets (excluding amounts included in net interest cost) – gain (loss)	(216)	(245)
Experience gains and losses arising on the plan liabilities – gain (loss)	(116)	26
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain (loss)	-	25
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain (loss)	435	57
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain (loss)	103	(137)
Total amount recognised in Other Comprehensive Income – gain (loss)	103	(137)

Notes to the Financial Statements

Assets

	2025	2024
	£'000	£'000
Global Equity	248	221
Absolute Return	-	87
Distressed Opportunities	-	78
Credit Relative Value	-	73
Alternative Risk Premia	-	70
Liquid Alternatives	410	-
Emerging Markets Debt	-	29
Risk Sharing	-	130
Insurance-Linked Securities	7	11
Property	111	89
Infrastructure	-	224
Private Equity	2	2
Real Assets	265	-
Private Debt	-	87
Opportunistic Illiquid Credit	-	87
Private Credit	270	-
Credit	84	-
Investment Grade Credit	68	-
High Yield	-	-
Cash	30	44
Long Lease Property	1	14
Secured Income	37	66
Liability Driven Investment	669	902
Currency Hedging	4	(1)
Net Current Assets	5	4
Total assets	2,211	2,217

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

Key Assumptions

	2025	2024
	% per annum	% per annum
Discount Rate	5.92%	4.92%
Inflation (RPI)	3.05%	3.09%
Inflation (CPI)	2.80%	2.79%
Salary Growth	3.80%	3.79%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

Notes to the Financial Statements

16 Provision for Liabilities – Social housing pension scheme (continued)

Key Assumptions (continued)

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

	2025 Life expectancy at age 65 Years	2024 Life expectancy at age 65 Years
Male retiring in 2025	20.5	20.5
Female retiring in 2025	23.0	23.0
Male retiring in 2045	21.7	21.8
Female retiring in 2045	24.5	24.4

17 Capital commitments

The table below shows the financial implications and sources of funding to deliver the signed contracts.

	2025 £	2024 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	-	-
Capital expenditure that has been authorised by the Board but has not yet been contracted for	-	-
Capital commitment	-	-
EPIC expects these commitments to be financed with:		
Triodos loan facilities	-	-
Social housing grant (in line with spend)	-	-
Internally generated resources (revenue reserve)	-	-
Total	-	-

18 Contingent liability

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

19 Grant and financial assistance

	2025 £	2024 £
Total accumulated SHG received or receivable at 31 March:		
Held as deferred capital grant	6,824,916	6,889,916
Total	6,824,916	6,889,916

Notes to the Financial Statements

19 Grant and financial assistance (continued)

In addition to the grant above which is accounted for within the accounts we also have a potential liability of £2.69m of grant transferred from other Registered Providers as part of the property acquisition of 169 units from the Bromford Group in May 2021.

20 Related parties

As at March 2025, the Board has no Tenant Board trustees and there were no related party transactions during the year to 31 March 2025. We have no staff representative on the Board, but four staff members are also tenants of EPIC, all under normal rental policies, the same as any other tenant.

21 Surplus on disposal

The surplus on disposal of properties in the year is a consequence of six property sales during 2024-25. Of these, 2 were flats sold via the Right To Acquire (RTA) scheme and the tenants have become leaseholders, 2 were houses, previously let at affordable rents, also sold via the RTA scheme, 1 was a house, let at an intermediate rent and sold via the Rent To Buy scheme, and the remaining property, on becoming vacant and being unlikely to meet Net Zero, was sold at our discretion on the open market under the Stock Rationalisation Policy.

	2025 £	2024 £
Sale Proceeds	530,000	135,750
Less:		
Associated selling fees	(8,840)	(3,336)
Write off cost (NBV)	(365,722)	(126,160)
Surplus on disposal	155,438	6,254

22 Recycled capital grant fund

	2025 £	2024 £
Opening balance of fund	169,115	191,560
Inputs/Withdrawals	92,770	(26,801)
Interest Accrued	5,297	4,356
At 31.3.25	267,182	169,115

Included within the RCGF balance is £108,116 is potentially repayable within 1 year. Homes England have approved 4 business cases that exhaust the full RCGF provision outstanding at 31 March 2025.

23 Loans

At the financial year end, EPIC had drawn down a total of £19.3m. The loans are secured against EPIC's stock, over a 25-year term, and are on a fixed-interest basis.

	2025 £	2024 £
Maturity of debt		
In less than one year	495,353	483,011
In more than one year but less than two years	707,611	495,353
In more than two years but less than five years	2,242,039	2,181,876
In greater than five years	13,357,718	14,120,202
Total	16,802,721	17,280,442

Notes to the Financial Statements

24 Interest rate risk and exposure

As at 31 March 2025 the following amounts were drawn down and had been fixed on 20 March 2020:

Facility 1 – £4,533,576.98 – 2.553% – Fixed until 20/03/2030

Facility 2 – £3,821,496.49 – 2.653% – Fixed until 20/03/2030

The additional drawdown of £10.3m in April 2021 was also fixed for a period of 10 years:

Facility 3 – £5,000,000 – 2.779% – Fixed until 21/04/2031

Facility 4 – £5,300,000 – 2.879% – Fixed until 21/04/2031 (Interest only until April 2026)

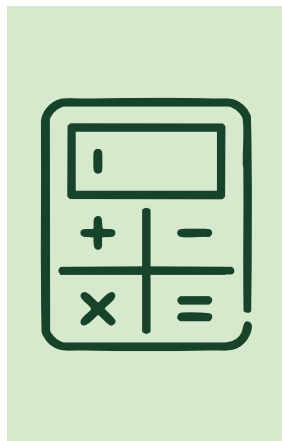
EPIC Treasury Management Policy sets out that when looking at any aspect of interest rate exposure, it is important to remember that overall interest rate risk management is about reducing risk and increasing certainty. It is not about best guessing or predicting the way interest rates will move.

Any sensitivity analysis will be applied to all variable-rate borrowing and to any fixed-term borrowing after its maturity date, using market forecast rates.

The Board must approve the use of hedging instruments subject to the Rules of the Association and the regulators guidelines/approval. In such cases a hedging strategy must be prepared and appended to the Treasury Management Policy, which must state the type of instruments to be used, the value limits, the counterparties involved and the periods for which they will be in place.

25 Post balance sheet events

There are no Post Balance Sheet Events of any significance to report.



Notes

Notes

[illegible]



"So pleasing to see EPIC continue to build financial resilience as a key foundation to our ambitions within the Corporate Plan. These foundations will help us focus on our tenants, their homes, their communities, our people and working in partnership."

Simon Wilson, Chair

If you have any queries in respect of this report, please contact:

Sharon Shaw, Director of Resources

In writing:

EPIC Housing
131-141 Ubberley Road
Bentilee
Stoke-on-Trent
ST2 0EF

By telephone: 01782 252575

Via email: mailbox@epichousing.co.uk

epic
Empowering People,
Inspiring Communities

EMPOWERING PEOPLE INSPIRING COMMUNITIES LIMITED

England & Wales - Charity number 1118644

Accounts

ANNUAL **ACCOUNTS** 2023-24



Putting people at the heart of everything we do





Empowering People Inspiring Communities Limited
Annual Report & Financial Statements
For the year ended 31 March 2024

Charity Number: 1118644

Company Number: 3333405

Regulator of Social Housing Number: L4167

Contents

Page	
3	Chair and Chief Executive's Foreword
4	Board Members, Executive Officers, Company Information
6	Report of the Board
11	Strategic Report
24	Independent Auditor's Report
28	Statement of Comprehensive Income
29	Statement of Financial Position
30	Statement of Changes in Reserves
31	Statement of Cash Flows
32	Notes to the Financial Statements

Chair and Chief Executive's Foreword

The social housing sector continues to be under scrutiny and facing significant reputational and financial challenges. The economy continues to be challenging for organisations and tenants.

EPIC continues to gain momentum and strength across all activities, developing our financial resilience even further with a focus on tenants and their homes. Returning to G2, confirmed by the Regulator of Social Housing, in May 2023 has provided the positive platform on which we continue to develop, evolve and remain independent.

Despite financial constraints, we have made substantial investment in tenants' homes to meet the quality and building safety commitments required; and we continue to increase our financial capacity to do more over future years. We know that the information we hold on our tenants' homes is improving and our approach to dealing with damp and mould has been positive, ensuring tenants' health and safety at all times.

The Social Housing Regulation Act places a strong focus on the quality of social housing and services provided to tenants and EPIC has been pro-active in ensuring that we are both compliant with the Act but also pragmatic in what we can achieve and enhancing services where possible.

Our new Corporate Plan, "Community, connecting, and collaboration" (2024-27) articulates our commitment to working together with our tenants and the wider communities. The Plan moves EPIC forward beyond regulatory compliance to truly understanding and meeting the needs and aspirations of our tenants. We want them to feel safe in their homes and the wider community and recognise that we are an organisation that truly wants to listen to understand their needs.

We have made significant progress on the way in which we do business, through increasing the capacity and capability of our colleagues to meet the needs of tenants and also the work we have done in ensuring that our technologies support the services to our tenants and do not expose EPIC to any potential security threat.

Our organisation continues to be well managed, in what has been another challenging year, and our people remain positive and resilient in delivering even better services to our tenants and working alongside others in the community.



Simon Wilson

Chair of the Board

19 September 2024



Tracey Johnson

Chief Executive Officer

19 September 2024

Board Members, Executive Officers, Company Information

Board Members		Date Joined/ Resigned	Other Committee Membership	Meeting Attendance		
				Attended No.	Total No.	% Attendance
Simon Wilson	B Chair	Apr 23	GRC	6(B)/2(G)	8	100%
Rob Emery		May 20	n/a	2(B)	6	33%
Nick Leggett		Mar 20	ARAC/GRC	4(B)/4(A) /2(G)	13	77%
Rachel Challinor		Oct 21	GRC	5(B)/2(G)	8	88%
Amandeep Jhawar		Nov 21	ARAC	5(B)/4(A)	11	82%
Dave Newmarch		Oct 21	n/a	4(B)	6	67%
Colin Small		Nov 21	ARAC	5(B)/5(A)	11	91%
Margaret Dodwell	A Chair	Apr 23	ARAC	6(B)/5(A)	11	100%
Alun Bragg		Apr 23	ARAC	6(B)/5(A)	11	100%
Jonathan Moore	G Chair	Apr 23	GRC	6(B)/2(G)	8	100%
Rob Morton		Feb 24	ARAC	1(B)	1	100%

Key:

<i>B</i>	<i>Board Meeting</i>
<i>B Chair</i>	<i>Board Chair</i>
<i>ARAC</i>	<i>Audit and Risk Assurance Committee</i>
<i>A Chair</i>	<i>Audit and Risk Assurance Committee (ARAC) Chair</i>
<i>A</i>	<i>Audit and Risk Assurance Committee Meeting</i>
<i>GRC</i>	<i>Governance and Remuneration Committee</i>
<i>G Chair</i>	<i>Governance and Remuneration Committee (GRC) Chair</i>
<i>G</i>	<i>Governance and Remuneration Committee Meeting</i>

Board Members, Executive Officers, Company Information

Executive Officers		
Chief Executive	T Johnson	
Director of Housing	C Gleghorn	
Changes		
Head of Asset Management & Building Compliance	J Parkes	Appointed 06.11.23
Director of Asset Management & Building Compliance	J Mitchell	Resigned 01.12.23
Director of Corporate Services	D Glass	In post to 05.08.24
Head of Business Support Services	K Heath	In post to 05.08.24
Director of Resources	S Shaw	Appointed 05.08.24

Company Information	
Registered Office	131-141 Ubberley Road, Bentilee, Stoke on Trent, Staffordshire, ST2 0EF
Company Secretary	S Shaw
Company No.	3333405
Charity No.	1118644
Regulator of Social Housing Registration No.	L4167
Auditor	Beever and Struthers, The Beehive Lions Drive, Shadsworth Business Park, Blackburn, BB1 2QS
Bank	The Co-operative Bank plc, Birmingham Commercial Banking Centre, 118-120 Colmore Row, Birmingham, B3 3BA
Key lender	Triodos Bank, Deanery Road, Bristol, BS1 5AS

Report of the Board

The Board presents its report and the audited financial statements for the year ended 31 March 2024.

Principal activities

Empowering People Inspiring Communities (EPIC) is a charitable registered provider of social housing and is governed by a Board of Directors consisting of 11 members. We are a community-based housing association managing 1,382 homes across Bentilee, Hanley and Meir area of Stoke-on-Trent. The vast majority of our homes are for social housing residents, as well as a small number (24) of leasehold properties. Full details of the stock and tenure is shown in Notes 3 and 4 of these financial statements.

Board and governance

The Board of Directors are remunerated for their service. Board payment was introduced in April 2023. Details of the payments made to the directors is in note 7. The Board shall comprise of a minimum of 5 and a maximum of 12 (including any co-optees that may be in place from time to time). The Chair of the Board is appointed by the Board. The Board members who served during the period are shown on page 4.

Our Executive Officers are listed on page 5; they are not members of the Board. They act as an Executive within the authority delegated to them by the Board, as set out in EPIC's Control Framework. The remuneration of the Executive team, along with details of the highest-paid officer, is detailed in Note 7 of these financial statements.

The Board has ultimate responsibility for the governance of the Company. The Board's central role is to direct the organisation's work; that is to determine strategic direction. The Board agrees frameworks, strategies and policies and makes decisions on all matters that might create significant financial or other risk to the Company; or which raise material issues of principle. Operational delivery, leadership and management is delegated to the Executive Team and staff.

Committee structure

The main Board is supported by 2 committees - the Audit & Risk Assurance Committee (ARAC) and the Governance and Remuneration Committee (GRC). ARAC was reinstated in April 2023 (prior to this time the Board undertook the role of ARAC) with the recruitment of an external Chair who is also a Board Member. The GRC was established in September 2023, with its first meeting in October 2023.

Meetings during the year ended 31 March 2024

Board	6
Audit Risk and Assurance Committee (ARAC)	5
Governance and Remuneration Committee	2

Incorporated into the number of Board meetings above were 1.5 days of dedicated time for strategic and generative discussions (November 2023 and February 2024). The topics discussed included a review of progress against the corporate plan, setting the new Corporate Plan, EPIC's approach to risk management (including the sector risk profile and risk appetite), hearing the voice of the tenant through engagement and influencing activities; and a focus on the budget and Long-Term Financial Plan.

Report of the Board

Committee structure(continued)

A subgroup of Board Members formed a task and finish group to steer the co-creation of the revised corporate plan during 2023-24, which was subsequently approved by the full Board in February 2024.

In addition to the above, Board Members learning, and development programme (2023-24) included both organisational and personal development activities, including Board collective appraisal session on 23 August 2023, and a session on steering strategic action and exercising judgement 17 October 2023.

Appointment of Board Members

Non-Executive directors are appointed for three-year terms. The standard period of service is six years, with annual extensions permissible to a maximum of nine years. Service agreements are in place for all Non-Executive directors.

Board skills, quality & experience

Board members collectively possess the qualities and skills to take decisions and monitor performance. Collectively the Board brings experience and understanding of a broad range of topics including, but not limited to, finance, development, tenants' issues and local housing need. An annual process of collective and individual appraisals is in place, together with a skills matrix to ensure that the ongoing collective experience and behaviours is considered and aligned to succession planning.

Board Code of Conduct

Board members have an obligation to ensure that their private or personal interests do not influence their decisions or compromise their ability to always act in the best interests of EPIC and those whom it seeks to serve. They must not use their position to obtain personal gain of any sort.

Employees

EPIC is committed to ensuring that an effective framework for colleague engagement and communication is in place and that information on matters that concern them is effectively managed and communicated through regular briefings and supported by an established Staff Focus Group. The organisation does not recognise trade unions.

EPIC is committed to Equality, Diversity and Inclusion and full and fair consideration is given to applications for employment made by all people, having regard to their particular aptitudes and abilities.

Health and Safety

The Board is aware of its responsibilities on all matters relating to health and safety. EPIC has prepared detailed health and safety policies and provides training both to colleagues and to the Board on health and safety matters.

Report of the Board

Internal controls assurance

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal controls at EPIC and for reviewing its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve the business objectives, and to provide reasonable assurance against material misstatement or loss.

The Regulator formally regraded EPIC to a compliant G2 rating in May 2023 after working closely with the Executive Team and the Board and reviewing the data submitted, further demonstrating / validating the improvements made by EPIC in respect to its Governance and management of its system of internal controls.

EPIC updated its memorandum and articles of association in 2022-23 and introduced EPIC's Control Framework, which was further developed and embedded during 2023-24. The framework was reviewed and updated in May 2024. EPIC's control framework includes details of the following areas:

- Overview and orientation, including legal and regulatory context and key stakeholders.
- Composition of the Board and Committees with detailed terms of reference constituting a formal scheme of delegation.
- Governance framework, including articles of association, mission, vision, values, risk management, equality and diversity framework, policies, and procedures.
- Control framework, including operational structure, information management, health and safety, safeguarding, staff ethics, culture, and remuneration of Board and Executives.
- Financial regulations including delegations, budgeting, financial planning, payments, payroll and pensions and insurance and all other relevant areas.

Significant progress has been made during 2023-24 in implementing key elements of EPIC's Control Framework including the achievement of the following:

- The re-establishment of the Audit Risk and Assurance Committee (ARAC).
- The creation of the Governance and Remuneration Committee (GRC).
- Board Member remuneration policy.
- The co-creation of a new corporate plan involving Board Members, tenants, stakeholders and staff.
- The revision and publication of a revised risk appetite statement.
- The scrutiny and further development of the strategic risk register and the associated reporting.

There is regular reporting in place to the Board on progress against the Corporate Plan, financial and operational outcomes, health and safety tenant property compliance and complaints monitoring. The strategic away days focus on the robustness of strategic and business planning processes with detailed budgets, assumptions, stress testing against a range of scenarios, with potential mitigations identified for deployment.

A series of self-assessments have taken place; these included Consumer and Economic Standards, the NHF Code of Governance 2020 (adopted August 2024.) Each of the self-assessment have concluded that EPIC is compliant, with action plans of continuous improvement in place.

Report of the Board

Internal controls assurance (continued)

ARAC agrees a 3-year cycle of audits with the assistance of the internal audit provider, focusing on key areas of control to EPIC and those contained within the sector risk profile. ARAC reviews reports received from internal and external auditors and management, providing regular and timely reports to Board regarding the extent to which internal controls continue to take account of the nature of risks facing EPIC. Through business assurance and external audit ARAC obtains assurance that internal controls are in place and operating effectively.

The Board has received ARAC's annual review of the effectiveness of internal controls report. No weaknesses were found sufficient to cause material misstatement or loss and the system of internal controls confirmed as being in place throughout the year and to the date of signing of these financial statements.

EPIC has high standards of openness and honesty and has in place measures to minimise the risk of fraud and procedures to respond if it happens.

The internal audit annual report for 2023-24 from the Head of Internal Audit, TIAA, states: "TIAA is satisfied that, for the areas reviewed during the year, EPIC Housing has reasonable and effective risk management, control, and governance processes in place."

In the latter part of 2023-24 a review of the Treasury Management Policy was commissioned, alongside associated activities, and undertaken by the David Tolson Partnership (DTP), in the first quarter of 2024-25 and they have reported the following comments:

- "The Board papers around the Business Plan, including the management accounts, the long-term financial plan, the stress testing report and the Assets and Liability Register (ALR), are all of a high standard, and are comprehensive and well explained.
- Overall, our assessment of the Housing Brixx model structure is positive, with no significant issues or weaknesses identified on how the model has been constructed.
- The Business Plan report, which also covered stress testing, is also a strong paper, with good use of graphs, and it is encouraging to see mitigations being identified at this stage in the planning process.
- In our opinion, the EPIC Assets and Liability Register (ALR) is a thorough and comprehensive document which is a good example of the discipline, and we recommend that it is maintained at this standard".

Continuous improvement and embedding all that has been achieved in 2023-24 will remain a core focus for 2024-25, along with working with the Board, Regulator of Social Housing, and colleagues to enhance and improve on service delivery and improvements to the quality of tenants' homes in line with the new corporate plan.

In summary, during the financial year ending 31 March 2024, no significant internal control failings or weaknesses were identified by the Board, the Board's Audit & Risk Assurance, Governance and Remuneration Committee, or EPIC's internal or external auditors.

The Board consider that a suitable framework of internal control was in place and operating effectively throughout the 2023-24 financial year.

Donations

No donations were made during the year – £Nil (2023: £nil).

Report of the Board

Directors' insurance

EPIC's Board members and officers have personal liability insurance through the organisation's company insurance. Cover was in place throughout the year and no claims were made.

Provision of information to the Auditor

The members of the Board who were in the meeting on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the members of the Board have confirmed that they have taken all the steps that they ought to have taken as members of the Board in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Independent Auditor

Beever and Struthers were re-appointed as auditor at the Board Meeting on 6 September 2022 and as re-confirmed at the Board meeting on 21 September 2023. They have confirmed their willingness to continue in office.

Approval

The report of the Board was approved by the Board on 19 September 2024 and signed on its behalf by:



Simon Wilson
Chair of Board

Strategic Report

Introduction

The Board presents its Strategic Reporting, containing the Operating and Financial Review and value for money statement, for the year ended 31 March 2024.

Overview and background

EPIC owns and manages 1,382 homes for tenants across North Staffordshire with properties in Stoke on Trent, Newcastle-under-Lyme and the Staffordshire Moorlands. During the early part of the year, in May 2023, we were regraded to a compliant G2 rating by the Regulator of Social Housing. As the organisation has continued to develop and evolve throughout 2023-24 and into 2024-25, our journey of continuous improvement has further embedded and improved the organisation. Through the new regulatory changes, it is anticipated that an inspection by the Regulator of Social Housing will be carried out in the first half of the calendar year 2025.

EPIC's capacity and capability has further evolved during 2023-24 with increases in staff numbers in areas of the business that will enhance and embed the improvements made. Additional capacity has been included in the areas of tenant engagement/influence, data/information governance, front-line housing and asset colleagues.

We are still facing challenging decisions as a business with continued high inflation and increases in the cost of materials. The cost-of-living crisis is continuing to have severe, negative impact on our communities, and we're continuing to do the best that we can to try and minimise the impact on our tenants, both through the services that we offer and the work we do with our partners.

Our financial resilience is strong and our organisational culture is positive with tenants at the heart. The co-creation of our 2024-27 Corporate Plan drives a continued focus on tenants', their homes and the wider communities. We are positive that with continued focus and controls in place, our aim to remain as a strong and independent organisation is achievable.

Our tenants' homes

Across the profile of our tenants' homes, we have 1,382 properties that we own and manage, with a further 24 leaseholders who have exercised their Right to Acquire or Right to Buy (RTA / RTB). Over a quarter of the properties are made up of family sized homes and there is an offer of a mix of houses, flats and bungalows.

Stock Profile excluding leaseholders:

1 bedroom flat	258
1 bedroom house	6
1 bedroom bungalow	4
2 bedroom flats	728
2 bedroom house	180
2 bedroom bungalow	29
3 bedroom house	171
3 bedroom bungalow	1
4 bedroom houses	5
Total	1,382

There is a continued demand for properties that EPIC owns and manages and affordability in comparison to the private rented sector remains positive.

Strategic Report

Allocations

EPIC turns over about 10% of its stock annually. During 2023-24, we received 657 applications for housing, and allocated 98 new tenancies approximately 50% of these allocations would have been to Local Authority Homeless applications as part of EPIC'S nominations agreement with Stoke on Trent City Council.

Housing allocation times began to improve during the period thanks to the collaboration between the Housing and Asset Management Team and void contractor, subsequently this resulted in a reduction of void rent loss.

Tenant Engagement

In 2023 we appointed EPIC'S Customer Service and Resident Engagement Team Leader, and we have seen an increase in engagement, influence and tenant sustainment initiatives. As a consequence of the ongoing economic crisis, it has been inevitable that many of our tenants have told us that they are struggling to make ends meet and suffering from financial hardship. EPIC placed a successful bid of £4,000 for the Household Support Grant which has helped over 50 families in crisis with energy and water bills, food and essential items. We also made available an additional £10,000 via tenancy sustainment budget. We ran a successful "Winter Coat Campaign" with a distribution of £1,500 to help 60 children; £2,539 towards helping tenants with furniture; £1,434 on disability adaptations; £360 on help with gas & electric.

We continued to focus on meaningful tenant engagement/influence and have recruited a number of tenant ambassadors. Working alongside the ambassadors we have been able to co-create a variety of ways to gather feedback from tenants on things that matter to them, including our refreshed Corporate Plan, Complaints Policy, choice on replacements kitchens and bathrooms, and tenant annual report. We have also resurrected a tenant allotment and breakfast club.

Tenant Satisfaction Measures

2023 saw the introduction of the Regulator of Housing (RSH) Tenant Satisfaction Measures. EPIC used the services of Acuity Benchmarking to conduct their STAR survey to gather tenant perception measures and took the opportunity to ask tenants whether or not they believed their homes were suffering from damp and mould and if they would like to become a tenant ambassador. Everyone who shared their details with us was contacted and in the cases of damp and mould, visits were carried out to investigate and rectify any issues. EPIC continues to take a pro-active approach when dealing with damp and mould in tenants' homes.

At a high level, the STAR survey shows that eight out of ten tenants (81%) were satisfied with the overall service provided by EPIC. The same number of tenants were satisfied that they were treated fairly and with respect, EPIC is easy to deal with and with the repairs service.

Working with others

We have increased our engagement with other organisations leading to greater partnership working, as we recognise that as a small landlord EPIC does not have capacity and capability to fully support tenants across the variety of their needs but other people that we work with can help tenants to sustain their tenancy and also to provide the additional support they may need to truly thrive.

We are involved in a number of best practice and information sharing groups, including, Financial Inclusion/Welfare Reform; Anti-Social Behaviour; and Case Review Panel.

Social Housing (Regulation) Act 2023

The Social Housing (Regulation) Act 2023 became law on 25 July 2023, providing the Regulator with the additional powers needed to deliver an enhanced consumer regulation role. In April 2024, the Regulator changed and introduced a stronger and more active regulation of the consumer standards. EPIC has completed its self-assessment and is compliant with the Standards but recognises that there are continued improvements to be made, which have been captured as part of an ongoing action-plan.

Strategic Report

Social Housing (Regulation) Act 2023(continued)

In addition to the changes to the regulatory framework the Housing Ombudsman from April 2024 also made a number of significant changes to its Complaint Handling Code. EPIC has completed its self-assessment against the code and made changes as a consequence to the policy and procedure, appointing as part of the new code a member of the Board, known as the Member Responsible for Complaints.

Asset Management

A number of key strategies and policies were refreshed and developed during 2023-24, including an Asset Management Strategy and Sustainability Strategy.

The Asset Management Strategy addresses the context and landscape within social housing, with a more holistic data-driven approach to meet the needs of tenants. This strategy sets the focus for the next three years on ensuring that tenants homes are safe and that all regulatory and statutory requirements are met.

The Sustainability Strategy recognises that legislation in this area continues to evolve, and that the political and global landscape continues to shift with far-reaching implications. Our focus remains on the quality of homes and the challenges that face the environment. This strategy responds to the increasing number of external drivers, as well as the social and ethnical challenges that coincide.

Fire Safety

During the financial year of 2023-24, we continued with significant fire safety improvements to our blocks of flats. These were completed in late 2023, including the installation of over 200 new fire doors. Follow up stages of this work to be completed in 2024-25.

Investment in tenants' homes

In 2023-24, we installed:

32 Kitchens
30 Bathrooms
41 Boilers
6 Roofs
43 External Doors
206 LD2 Fire Alarms

As part of our continued improvements to tenants' homes, we have installed just under 300 humidity-controlled fans in voids, kitchen & bathroom installations and in tenant properties where required to assist in moisture control.

Repairs & Maintenance

Brenden Fern continues to provide our repairs and maintenance services to all our tenants' homes. We continue to work with them to better understand any trends in repairs and to allow us to focus on tenant satisfaction with the repairs service.

In 2023-24, we:

- Completed 3,962 day-to-day repairs (up 261 from 3,701 in 2022-23); and
- Completed repairs and upgrades to 101 empty properties

In addition:

- We completed 94.5% of non-urgent repairs within target timescales; and
- 98% of all appointments were kept

Satisfaction with the repairs service is generally high – 81% of respondents to the STAR survey were satisfied with the repairs service (based on 611 responses – from our own surveys the figures show 89% of tenants rated the service as “good” or better) and 80% of STAR surveys returned stated that they were satisfied with the time taken to complete repairs (vs 93% of tenants satisfied with time taken to complete repairs from our own surveys).

Strategic Report

Our people and technology

The last 12 months has seen extra people capacity and capability at EPIC, recruiting 6 staff throughout the year to give us a headcount of 32 staff members as at the end of the financial year. In our People & Culture Survey completed in September 2023, 97% of employees were likely or extremely likely to recommend EPIC as a great place to work to their family and friends. This is up from 70% the previous year.

With the recruitment of a Colleague Engagement & Communications Officer, we have seen our social media presence grow, having over 830 followers on Facebook and over 600 followers on LinkedIn as well as averaging over 1800 unique visitors to our website each month. Alongside this, we launched the Housing Perks app to tenants and staff members at the end of November 2023 and since its launch up to 29 March 2024, 318 tenants and 36 staff have signed up to the money-saving platform with 362 orders totalling £20,916 and £1,027.52 being saved (average saving of 4.91%).

We have invested in our IT systems and infrastructure, including the launch of a new cloud-based telephony system that allows us greater flexibility for answering calls regardless of location. Since launch, we have answered over 5,700 calls. Major upgrade work has been completed on our IT infrastructure, including our housing management system. We reduced our virtual server estate by over 50% whilst also enhancing our cyber security and completed the first upgrade of our housing management system in over 4 years.

Value for Money

Value for Money (VfM) underpins the delivery of EPIC's purpose and objectives. Our overarching aim is to achieve our VfM priorities, in order to improve services to our tenants and maintain our capacity to deliver our Corporate Plan, with the resources contained within our Long-Term Financial Plan.

Value for Money is a term used to assess whether an organisation has obtained the maximum benefit from the goods and services it acquires and/or provides, within the resources available to it. It measures the costs of goods and services, but it also takes account of the mix of quality, cost and timeliness in order to assess VfM. The Strategy in place helps inform decisions about our VfM priorities.

A key part of our VfM is our Asset Management Strategy which forms the foundation of our strategic objective of proactive Asset Management. It provides a framework for EPIC to manage its assets proactively and support our Corporate Plan objectives. It links to our knowledge in relation to stock condition data, investment requirements, health and safety and what is affordable within EPIC's Long-Term Financial Plan.

Our approach to achieving value for money is bolstered by having:

- a robust business planning process and cycle that is led by the Board and the outcomes cascaded to all employees,
- a comprehensive corporate plan that clearly outlines EPIC's strategic objectives robust business planning process,
- rigorous performance management and scrutiny processes in place for the Senior Leadership Team monthly and the Board quarterly including management accounts, clearly established and well-defined set of KPI's.

The Regulator of Social Housing Value for Money Standard and Code requires providers to report in their statutory accounts against the metrics defined by the Regulator. These metrics are defined in the 'Value for Money Metrics' document issued by the Regulator.

Strategic Report

The tables below details EPIC's performance against both the Value for Money Metrics as well as the Sector Scorecard indicators.

Value For Money Metric	Sector Median 2022/23	2022/23	2023/24	EPIC Target 2023/24	EPIC Target 2024/25	EPIC Comment
Reinvestment % <i>This metric looks at investment in properties including existing stock and new stock. This is calculated as a percentage of value of total properties.</i>	1.3%	1.6%	1.8%	1.6%	2.1%	EPIC has invested more heavily in existing stock than the sector overall. This reflects the under investment in prior years and the business plan forecasts further increases in future years.
New supply delivered (social housing) as a % of total stock <i>This sets out the number of new social housing units that have been acquired or developed in the year as a proportion of total units.</i>	1.3%	0.0%	0.0%	0.0%	0.0%	Due to the acquisition of 169 units from the Bromford Group in 2021, (which represented investment of over 10% in 1 year) and the costs associated for the fire improvement works, the Board decided to focus on the core business activities as opposed growth. The short-term business plan does not include any additional growth, with the focus on improving our existing stock and establishing an ethos of contiguous improvement.
New supply delivered (Non-social housing) as a % of total stock <i>This sets out the number of new Non-social housing units that have been acquired or developed in the year as a proportion of total units.</i>	0.0%	N/A	N/A	N/A	N/A	As above.

Strategic Report

Value For Money Metric	Sector Median 2022/23	2022/23	2023/24	EPIC Target 2023/24	EPIC Target 2024/25	EPIC Comment
Gearing % <i>This shows the proportion of our borrowing compared to our assets. A high gearing could indicate that we have taken on too much borrowing however low gearing could indicate that we have capacity to borrow more.</i>	45.3%	28.0%	28.3%	28.5%	28.0%	EPIC currently has loans of £17.3m outstanding. The low gearing reflects that the current business plan could support additional borrowing of circa £30m if required. As outlined previously the Board decided to focus on stability and improving our capacity and operations and investing in our tenants' homes as opposed to growth. The gearing is in line with prior years and with the forecast.
EBITDA – MRI (Interest Cover) <i>This shows how much cash the organisation is generating compared to interest payments. Any result above 100% means that we are generating surplus cash over and above interest payments</i>	128.0%	162.7%	179.1%	134.3%	132.9%	Due to a combination of factors, including arrears performance and prudent forecasting the surplus reported in 2023-24 was greater than forecast / target, which resulted in a higher level of interest cover. The sector has seen a 54% reduction in interest cover since 2021-22, the lowest since the financial recession in 2010. The business plan forecasts that interest cover in the next 5 years will be around 130%, which equates to headroom of circa £120k.
Headline social housing cost per unit (£) <i>The unit cost metric assesses the headline social housing cost per unit as defined by the Regulator of Social Housing</i>	4,586	3,272	3,645	3,719	4,174	EPIC's Social Housing Cost per unit of £3,645 is 11% higher than in 2022-23, mainly as a result higher major works costs during the year. The cost per unit across the sector increased by 14% between 2021-22. EPIC's average cost per unit is £941 less than the sector median and reflects the fact that most of our stock is general needs, with the support service being provided by third parties.

Strategic Report

Value For Money Metric	Sector Median 2022/23	2022/23	2023/24	EPIC Target 2023/24	EPIC Target 2024/25	EPIC Comment
Operating Margin % Social Housing <i>This is an indicator of operating efficiency and business health as it measures the amount of surplus generated from turnover on our day-to-day activities</i>	19.8%	11.5%	13.7%	10.3%	12.1%	Whilst operating margin has increased since 2022-23 to 13.7% it still remains below the average for the sector. This is forecast to continue in the business plan as EPIC invests in the capacity to improve services and embed new processes introduced over the last 2 years to improve regulatory compliance.
Operating Margin % Overall <i>This is an indicator of operating efficiency and business health as it measures the amount of surplus generated from turnover on our day-to-day activities</i>	18.2%	11.5%	13.7%	10.2%	12.1%	As above.
Return on capital employed (ROCE) % <i>This metric compares the operating surplus to total assets less current liabilities and assesses the efficient investment of capital resources</i>	2.8%	1.5%	1.6%	1.2%	1.6%	The return on Capital Employed metric has slightly increased since last year and reflects the investment in services and capacity that has been required to improve services, deliver the fire improvement works and invest in staffing capacity. The ROCE still remains below the sector average.

Strategic Report

Other Metrics						
	Sector Median 2022-23	2022/23	2023/24	EPIC Target 2023/24	EPIC Target 2024/25	
Voids <i>This measure illustrates the % rent lost through empty (void) stock %</i>	1.90%	1.44%	0.53%	0.75%	0.64%	A great deal of work has been undertaken to reduce the void loss, with improved processes and closer working between, the Housing and Asset Teams in conjunction with the main void contractor.
Management cost per unit <i>This metric shows the cost per unit incurred in managing our properties £</i>	1,201	1,408	1,418	1,593	1,764	The Management cost per unit is considerably higher than the sector average and reflects the need for EPIC to invest in staff capacity to review, redesign and embed new processes; and catchup on a backlog of fire improvement works.
Service charge cost per unit <i>This metric shows the service charge cost per unit £</i>	795	123	140	141	148	EPIC continues to have lower service charge costs than the sector average. A review is underway and appropriate consultation will be undertaken where needed.
Maintenance cost per unit <i>This metric shows the average maintenance cost per unit including responsive repairs, planned revenue repairs and capitalised repairs £</i>	2,711	1,694	2,087	2,094	2,261	Whilst maintenance costs have significantly increased since 2023, the metrics shows that our average maintenance cost per unit remains significantly below the sector average.

Strategic Report

Other Metrics						
	Sector Median 2022-23	2022/23	2023/24	EPIC Target 2023/24	EPIC Target 2024/25	
Rent Arrears This shows how % of rent arrears compared to rent charged %	5.10%	4.77%	4.72%	4.75%	4.75%	Overall rent arrears as a % of rental income remains to be favourable to the average across the sector. This demonstrates that despite the difficulties faced by our tenants in the cost-of-living crisis that we have maintained rent collection targets. The level of arrears as % remains stable with the prior year's performance.
Rent Receivable This shows how effective we are at collecting rents due %	N/A	98.36%	99.5%	98.0%	98.5%	This demonstrates that despite the difficulties faced by our tenants in the cost-of-living crisis that we have maintained rent collection rates and targets. The performance is very good given that there was an increase of 7% in April 2023 in line with the government rent cap.

Strategic Report

Financial review

During the year, a number of significant improvements have been introduced within the Financial and Governance processes. These include the re-introduction of formal monthly bank reconciliations and the creation of a comprehensive Assets and Liabilities Register (ALR). The bank reconciliation was subject to an internal audit conducted by TIAA in February 2024, with all recommendations actioned by the year end reconciliation in March 2024. The bank reconciliation has also formed a key element of the external audit undertaken by Beever and Struthers. The ALR has been reviewed by the David Tolson Partnership as part of the background and supporting work in respect of the Treasury Management review and they have commented positively on its clear format and content.

The Statement of Comprehensive Income for the year ended 31 March 2024 and the Statement of Financial Position as at 31 March 2024 are shown on pages 28 and 29.

The key financial highlights for EPIC are as follows:

- The total comprehensive income for the year of £205k compares to £142k in 2022-23. There was an impact from the actuarial loss on the Social Housing Pension Scheme (SHPS) defined benefit scheme of £137k. It is anticipated that the liabilities in relation will be reduced following the completion of the valuation that was carried out in 2023. The values included in these accounts are based on the historical valuation as set out in the pensions note.
- The key areas where income or costs have changed from 2023 to 2024 are:
 - Turnover of £6,171k versus £5,722k in 2023 represents a net increase of £449k, which equates to 7.9%. This is due to the combination of rent increase applied in April 2023 of 7%, and a significant reduction in void losses in 2023-24. Void losses were £32k which was significantly lower than in 2022-23 of £83k, as a result of improved reletting times.
 - Management costs are broadly in line with 2023 at £1,960k. Whilst we have recruited and expanded the staff base, last year's costs included the interim Executive Team in the first part of 2022-23, the costs associated with recruiting the new Executive Team, and costs associated with delivering the Governance and Recovery Improvement Plan agreed with the Regulator.
 - Routine maintenance costs decreased by £104k to £1,399k from £1,503k in 2022-23. There was however a distinction made with a number of large costs related to damp and mould and historical major works accounted for below.
 - Major repairs were £659k compared to £242k; this incorporates the costs associated with the fire improvement measures in respect of compartmentation works, and also major works to rectify historical major works and instances of damp and mould.
 - The bad debt charge decreased from £169k in 2022-23 to £60k in 2023-24. The same methodology was applied in calculating the provisions, but current arrears were 0.5% lower at the end of 2023-24 than 2022-23. Collection rates improved as we approached year end.
 - Financing costs are broadly in line with last year at £514k, versus £520k in 2022-23. The loan note 24 explains that all loans are fixed until 2030-31.

Strategic Report

Financial review (continued)

- Based on the statement of comprehensive income, the operating surplus for the year of £848,929 equates to 13.8% of turnover, compared to 14.1% in 2023 when the operating surplus was £806k. The decrease in operating margin is primarily as a result of the additional costs outlined above, offset by the increase in income due to the rent increase applied in April 2023.
- The Statement of Financial Position shows an overall increase of £205k, from £28.6m to £28.8m. The main movements are outlined below:
 - Assets decreased by £288k as a net result of the depreciation charge in the year, net of the component acquisitions, and the buyback of 55% equity in a shared ownership property in the year.
 - Trade debtors increased by £118k mainly due to an increase in tenant-related recharge arrears and the increase in other arrears at year end related to the sale of a property at the end of March, the monies for which were received in April. This was offset by a slight reduction in prepayments.
 - The year-end cash and short-term investment position decreased by £457k from £3.712m to £3.255m, as a result of the trading results, and the reduction in accruals carried forward from 2022-23.
 - Creditors less than 1 year decreased by £324k mainly as a result of a reduction in accruals of £508k, which was offset by an increase in trade and other creditors of £184k.
 - The amount related to creditors over 1 year decreased by £547k, mainly as a result of the capital repayments on loans of £483k, and release of deferred capital grant £42k net of transfers and by a net reduction in the Recycled Capital Grant Fund of £22k.
 - The Provision for the pension deficit increased, reflecting the change in the actuarial valuation net of the pension deficit payments made during the year.
 - The surplus of £205k related to the trading results in 2023-24 accounts for the movement in reserves.

Funding and Treasury

In relation to funding and Treasury activity, our sole lender is Triodos. Our principal bank providing day-to-day transactional support is the Co-operative Bank PLC. As at 31 March 2024, arranged facilities were £19.3m, all of which was drawn by May 2021. All the total debt drawn is at fixed interest rates until 2031.

We fully complied with the 2 key loan covenants, and as at 31 March 2024 Interest Cover was 177% against a minimum 110% and Asset Cover was 148% versus a minimum of 125%.

Whilst the long-term financial plan shows that we do not require any additional funding at the year-end, there were 424 units of unencumbered units of stock, subject to satisfactory gearing and interest cover providing approximate security headroom of MV-STT of £23.7m.

Treasury activities are controlled and monitored by the Board and are executed by the Corporate Services Director. EPIC's financial instruments comprise borrowings, cash and liquid resources, and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to finance operations.

Strategic Report

Future plans, risks and uncertainties

- The Board completed a comprehensive strategic review during 2023-24 and reset the corporate strategy for the period 2024-27.
- Contained within the new corporate strategy (2024-27) are five key strategic objectives:
 - Tenants – working alongside our tenants, ensuring that their tenancy with EPIC is sustainable, supported and enjoyable;
 - Tenants' Homes – ensuring that tenants' homes are accessible, right size, safe, and well maintained and there is clear and timely communication in place for replacing key components;
 - Communities – making the most of EPIC's geography and place in the community for the benefit of all. This will be driven by having deep knowledge of every tenant, their community and other organisations in the area;
 - Information – making the best use of technology available and be confident in the integrity of the data held to inform decision-making; and
 - Developing our culture to enable a great employee experience and opportunities to fulfil everyone's potential for the benefit of the individual and our tenants.
- Delivery of the corporate strategy, alongside business as usual activity, has been translated into a number of key projects across the organisation for 2024-25.
- The golden thread across all key objectives is tenant influence and engagement, maintenance of homes and data.
- The delivery of the milestones within the corporate plan will be monitored and reported to Board bi-annually, and this will promote further tenant engagement and management of data as it's at the core of the plan on our journey to full recovery and program of continuous improvement.
- We are actively working with the Operational Team at the Regulator in preparation for an inspection anticipated early 2024-25.
- A new ICT Strategy focusses on improvements to the tenant experience, data integrity and increasing security and efficiency.
- The Board recognises that the current operating environment is challenging and uncertain largely due to a combination of, political leadership changes, ongoing challenges and impacts of inflation and the conflicts in the Middle East and Ukraine. The Board with the support of ARAC will continue to closely monitor the comprehensive suite of key performance indicators (KPI's) and management accounts throughout the year to ensure that performance is aligned to the budget.
- Our approach to financial resilience remains strong with continued close monitoring of budgets, value for money and actions that could be deployed in the event of risk crystallising.
- ARAC actively reviews the Strategic Risk Register at all meetings and the Board will be completing reviews at least bi-annually as set out within EPIC's Control Framework.

The Governance and Financial Viability Standard

The Board can confirm compliance with the Governance and Financial Viability Standard. EPIC is progressing with its Governance Improvement Plan and working with the Regulator to arrange an inspection, with a view to regaining a G1 rating.

Strategic Report

National Housing Federation Code of Governance

Following review and recommendation by the Governance and Remuneration Committee the Board has adopted the National Housing Federation's Code of Governance 2020. As part of the ongoing continuous improvement plan a self-assessment was submitted to the GRC in June 2024 for scrutiny and subsequent recommendation to the Board for formal adoption. The Board considered the recommendation and approved adoption of the 2020 code at its meeting on 8th August. The self-assessment concluded that EPIC is compliant against the 2020 code.

During the period ending March 2024, EPIC continued to adopt and self-assess against the National Housing Federation's Code of Governance 2015.

Statement of Board members' responsibilities

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

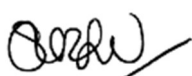
Registered Provider legislation requires the Board to prepare financial statements for each financial year. Under that legislation the Board elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Housing Association legislation, the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the Board is required to:

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

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with Housing Association legislation. 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.

The Executive Team are responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board on 19 September 2024 and signed on its behalf by



Sharon Shaw
Company Secretary

Auditor's Independent Report

Independent Auditor's Opinion

Opinion

We have audited the financial statements of Empowering People Inspiring Communities Limited (the 'company') for the year ended 31 March 2024 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the statement of Changes in Reserves, the 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 company's affairs as at 31 March 2024 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, 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 company 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 Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company'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.

Auditor's Independent 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 is responsible for the other information. 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.

In connection with our audit of the 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Board's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Board's report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Board's report.

We have nothing to report in respect of the following matters in relation to which Companies Act 2006 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion a satisfactory system of control over transactions has not been maintained

Auditor's Independent Report

Responsibilities of the Board

As explained more fully in the Board's Responsibilities Statement set out on page 23, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board 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 company'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 company or to cease operations, or have no realistic alternative but to do so

Auditor's responsibilities for the audit of the financial statements

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

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

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Companies Act, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022 tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud.
- We enquired of the Board about any incidences of fraud that had taken place during the accounting period.

Auditor's Independent Report

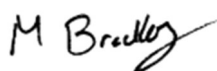
Extent to which the audit was considered capable of detecting irregularities, including fraud (continued)

- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing, recognising the nature of the company's activities and the regulated nature of the company's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of the audit report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



Mark Bradley (Senior Statutory Auditor)

For and on behalf of
Beever and Struthers
Statutory Auditor
The Beehive Lions Drive
Shadsworth Business Park
Blackburn
BB1 2QS

Date: 23 September 2024

Statement of Comprehensive Income

	Note	Year Ended 31 March 2024 £	Year Ended 31 March 2023 £
Turnover	1,2	6,170,820	5,721,678
Operating costs	2	(5,328,145)	(5,065,063)
Gain on disposal of property, plant and equipment	21	6,254	149,443
Operating surplus		848,929	806,058
Interest receivable net of indexation of RCGF interest		8,244	(331)
Interest and financing costs	5	(514,412)	(520,557)
Surplus before taxation		342,761	285,170
Taxation		-	-
Surplus for the year after taxation		342,761	285,170
Other comprehensive income			
Actuarial gain/(loss) in respect of pension scheme	16	(137,497)	(142,783)
Total comprehensive income for the year		205,264	142,387

The results relate wholly to continuing activities and the notes on pages 32 to 50 form an integral part of these accounts.

Statement of Financial Position

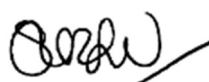
	Note	As at 31 March 2024 £	As at 31 March 2023 £
Fixed assets			
Tangible fixed assets	9	50,268,977	50,557,168
Investments in subsidiary	10	1	1
		50,268,978	50,557,169
Current assets			
Trade and other debtors	11	559,406	441,833
Investments	12	439,363	13,658
Cash and cash equivalents	12	2,815,432	3,698,108
		3,814,201	4,153,599
Less: Creditors: amounts falling due within one year	13	(1,419,231)	(1,743,063)
Net current assets		2,394,970	2,410,536
Total assets less current liabilities		52,663,948	52,967,705
Creditors; amounts falling due after more than one year	14	(23,322,652)	(23,870,628)
Provisions for liabilities			
Pension – defined benefit liability	16	(529,957)	(491,000)
Total net assets		28,811,339	28,606,077
Reserves			
Revaluation reserve		8,822,345	9,121,346
Revenue reserve		19,988,994	19,484,731
Total Reserves		28,811,339	28,606,077

Company registration number 3333405

The financial statements on pages 28 to 50, were approved and authorised for issue by the Board on 19 September 2024 and were signed on its behalf by:



S Wilson – Chair



S Shaw – Company Secretary

Statement of Changes in Reserves

	Revenue Reserve	Revaluation Reserve	Total
	£	£	£
Balance at 31 March 2022	19,037,343	9,426,345	28,463,689
Surplus 2022/23	142,387	-	142,387
Transfer between reserves (excess depreciation)	305,000	(305,000)	-
Balance at 31 March 2023	19,484,730	9,121,345	28,606,075
Surplus 2023/24	205,264	-	205,264
Transfer between reserves (excess depreciation)	299,000	(299,000)	-
Balance at 31 March 2024	19,988,994	8,822,345	28,811,339

Statement of Cash Flows

	Note	Year ended 31 March 2024 £	Year ended 31 March 2023 £
Net cash generated from operating activities (see below)		1,276,700	1,837,841
Cash flow from investing activities			
Purchase of tangible fixed assets		(898,583)	(813,409)
Proceeds from sale fixed assets		135,750	336,000
Grants received		-	
Interest received		12,601	3,392
Cash flow from investing activities		(750,232)	(474,017)
Cash flow from financing activities			
Interest paid		(514,411)	(520,557)
New secured loans		-	-
Repayment of borrowing		(469,027)	(457,378)
Subtotal		(983,439)	(977,936)
Net change in cash and cash equivalents		(456,970)	385,888
Cash and cash equivalents at beginning of the year		3,711,765	3,325,877
Cash and cash equivalents at end of the year	12	3,254,795	3,711,765
Cash flow from operating activities			
Surplus before taxation		342,761	285,171
Adjustments for non-cash items:			
Depreciation of tangible fixed assets		1,059,459	1,129,277
Movement in bad debt provision		11,049	158,234
Movement in trade and other debtors		(128,622)	(111,002)
Movement in trade and other creditors		(311,604)	190,389
Pension costs less contributions payable		(124,020)	(113,783)
Adjustments for investing or financing activities:			
Surplus from the sale of tangible fixed assets		(9,590)	(152,702)
Government grants utilised in the year		(68,899)	(68,631)
Interest payable		514,411	520,557
Interest received		(8,244)	331
Net cash generated from operating activities		1,276,700	1,837,841

Reconciliation of Net Debt	At the Beginning of the Year £	Cashflows £	At the End of the Year £
Cash and Cash Equivalents	3,711,765	(456,970)	3,254,795
Housing Loans Due in 1 Year	(469,028)	(13,983)	(483,011)
Housing Loans Due After 1 Year	(17,280,598)	483,167	(16,797,431)
	(14,037,861)	12,214	(14,025,647)

Notes to the Financial Statements

Legal Status

Empowering People Inspiring Communities Limited is incorporated under the Companies Act 2006 as a company limited by guarantee without share capital and is registered with the Regulator of Social Housing in England as a Private Registered Provider as defined by the Housing and Regeneration Act 2008 and the Charity Commission.

Principle Accounting Policies

(a) Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018. The Association is a Public Benefit Entity and has applied the Public Benefit Entity Section of FRS102.

The financial statements comply with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. The accounts are prepared on the historical cost basis and are presented in sterling for the year ended 31 March 2024.

The financial statements have been prepared in compliance with FRS102.

(b) Going concern

The Association's financial statements have been prepared on a going-concern basis which assumes an ability to continue operating for the foreseeable future. No significant concerns have been noted and we consider it appropriate to continue to prepare the financial statements on a going concern basis.

(c) Critical accounting judgements and key sources of estimation uncertainty

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

- **Categorisation of housing properties**

The Association has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Association has considered if the asset is held for social benefit or to earn commercial rentals. The Association has determined that all property is held for social benefit.

- **Impairment**

Impairment is recognised where the carrying value of a cash-generating unit exceeds the higher of the net realisable value or its value in use. The Association has identified a cash-generating unit for impairment assessment purposes at a property unit level.

Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash-generating unit is recognised by a charge to the Statement of Comprehensive Income.

Notes to the Financial Statements

Principle Accounting Policies (continued)

Following a trigger for impairment, impairment tests are performed based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in an arm's length transaction on similar cash-generating units (properties) or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on either a depreciated replacement cost or a discounted cash flow model. The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the Association as the existing property.

The cash flows are derived from the Long-Term Financial Plan and do not include restructuring activities that the association is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes. Following the assessment of impairment, no impairment losses were identified in the reporting period.

- **Development expenditure**

The Association capitalises development expenditure in accordance with the accounting policy described on page 35. Initial capitalisation of costs is based on management's judgement that the development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

- **Pension and other post-employment benefits**

The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high-quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector. Further details are given in note 16.

Notes to the Financial Statements

Principle Accounting Policies (continued)

(d) Other key sources of estimation and assumptions

Tangible Fixed Assets

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

(e) Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities and for its investment function Homes England, 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 letting, net of voids.

(f) Service charges

Service charge income and costs are recognised on an accruals basis. The Association operates both fixed and variable service charges on a scheme-by-scheme basis in full consultation with residents. Where variable service charges are used, 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. Until these are returned or recovered they are held as creditors or debtors in the Statement of Financial Position.

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 long-term creditors.

(g) Loan interest costs

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan.

- **Loan finance issue costs**

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income account in the year in which the redemption took place.

(h) Taxation

The Association gained charitable status on 2 April 2008 and therefore its general activities fall outside the scope of the United Kingdom Taxation legislation. The Association is not registered for VAT purposes.

Notes to the Financial Statements

Principle Accounting Policies (continued)

(i) Housing properties

Tangible fixed assets are stated at deemed cost or cost, less accumulated depreciation. The Association has elected to use a previous GAAP valuation of the housing properties as deemed cost on transition to FRS102.

All properties and land are freehold. Freehold land held for development is not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The Association depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

UELs for identified components are as follows:

	Years
Housing Structure	100
Roof	60
Windows	25
Bathrooms	30
Kitchens	20
Boilers	15
Heating Distribution Systems	30
Electrical Rewires	30
Solar panels	25
Composite Doors	30

Other Tangible Fixed Assets, de-minimis for capitalisation is £2,000.

Depreciation is charged on other tangible fixed assets on a straight-line basis over the expected economic useful lives which are as follows:

	Years
Freehold Offices	50
Office furniture	10
Office equipment	4
Tools and equipment	2
Computer equipment	2-5

The Association has elected to use a previous GAAP valuation of the freehold offices as deemed cost at transition to FRS102 in 2016.

(j) Capitalisation of interest and administration costs

No interest or administration costs are capitalised. There is potential to capitalise administration costs if directly attributable to development.

(k) Property managed by other parties

Where the Association carries the majority of the financial risk on property managed by other parties, income arising from the property is included in the Statement of Comprehensive Income.

The assets and associated liabilities are included in the Association's Statement of Financial Position.

Notes to the Financial Statements

Principle Accounting Policies (continued)

(l) Leasing

Payments for operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

(m) Investments

Investments held in subsidiaries are stated at cost less accumulated impairment and are included in fixed assets. Current asset investments include cash and cash equivalents invested for periods of more than 24 hours. They are recognised initially at cost and subsequently at fair value at the reporting date. Any change in valuation between reporting dates is recognised in the statement of comprehensive income.

(n) Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

(o) Non-government grants

Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised when received or receivable. Where grant is received with specific performance requirements it is recognised as a liability until the conditions are met and then it is recognised as turnover.

(p) Social housing grant and government grants

Where acquisitions have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in turnover over the estimated useful life of the associated asset structure (not land), under the accruals model.

SHG must be recycled 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.

(q) Non-monetary government grant

On disposal of assets for which non-monetary government grants are held as liabilities in the Statement of Financial Position, the unamortised amount in creditors is amended and included as income in the Statement of Comprehensive Income.

(r) Recycling of capital grant

Where Social Housing Grant is recycled, as described above, the SHG is credited to a fund which appears as a creditor until used to fund the acquisition of new properties, where recycled grant is known to be repayable it is shown as a creditor within one year.

(s) 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.

Notes to the Financial Statements

Principle Accounting Policies (continued)

(t) Retirement benefits

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services.

The Association participates in the Social Housing Pension Scheme ('SHPS'), a defined benefit multi-employer pension scheme, and defined contribution scheme administered by TPT Retirement Solutions ('TPT').

The deficit payments related to the Defined Benefit, final salary scheme is charged as a management expense, in line with the SHPS deficit repayment plan.

(u) Reserves policy

The Association is able to freely utilise the revenue reserves to further its objectives. In line with our approved Business Plan, we are currently utilising our reserves for improving our existing stock. When reviewing any opportunities, we need to ensure that whilst fulfilling the Association's objectives and aims that they are also financially viable in the longer term.

(v) Financial instruments

All loans held by the Association are classified as basic financial instruments in accordance with FRS 102. They are measured at transaction price plus transaction costs initially; and subsequently at amortised cost using the effective interest rate method. Loans repayable within one year are not discounted.

Financial Assets

Trade and Other Debtors

Trade and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment loss.

A provision for impairment of trade debtors is established where there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the Statement of Comprehensive Income for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the Statement of Comprehensive Income.

Financial Liabilities

Trade and Other Creditors

Trade and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price less any amounts settled.

All loans held by the Association are classified as basic financial instruments in accordance with FRS102.

Notes to the Financial Statements

1 Turnover, cost of sales, operating expenditure and operating surplus

2024				
	Turnover	Cost of sales	Operating expenditure	Operating surplus
	£	£	£	£
Social housing lettings (note 2)	6,160,857	-	5,328,145	842,675
Activities other than social housing	9,963	-	9,963	-
Total	6,170,820	-	5,328,145	842,675

2023				
	Turnover	Cost of sales	Operating expenditure	Operating surplus
	£	£	£	£
Social housing lettings (note 2)	5,721,678	-	5,065,063	656,615
Activities other than social housing	-	-	-	-
Total	5,721,678	-	5,065,063	656,615

Notes to the Financial Statements

2 Turnover and operating expenditure

	2024	2023
	£	£
Income		
Rent receivable net of identifiable service charges	5,936,559	5,495,755
Service charges income	155,398	157,292
Net rental income	6,091,958	5,653,047
Amortised government grants (Note 15)	68,899	68,631
Turnover from social housing lettings	6,160,857	5,721,678
Operating expenditure		
Management	1,959,763	1,952,421
Service charge costs	193,900	169,636
Routine maintenance	1,398,619	1,502,514
Major repairs expenditure	659,085	242,027
Movement in Bad debt provision	59,954	168,979
Depreciation of housing properties	1,046,860	1,029,486
Operating expenditure on social housing lettings	5,318,182	5,065,063
Operating surplus from social housing lettings	842,675	656,615
Activities other than social housing lettings		
Sundry Income	9,963	-
Sundry Expenditure	9,963	-
Operating surplus from activities other than social housing lettings	-	-
Total operating surplus	£842,675	656,615
Void rental losses	32,442	82,558

3 Accommodation owned, managed and in development

	No. of properties		No. of properties	
	Owned	Managed	Owned	Managed
	2024	2024	2023	2023
Social Housing				
Under Management at the end of the year:				
General needs housing – Social Rent	1,100	-	1,102	-
– Affordable Rent	187	-	172	-
– Intermediate	73	-	87	-
– Leasehold	24	-	23	-
– Shared Ownership	2	-	3	-
Supported Housing	20	-	20	-
Total Owned and Managed	1,406	-	1,407	-
General needs housing – In development	-	-	-	-
Total in development	-	-	-	-
Total owned, managed & in development	1,406	-	1,407	-

Notes to the Financial Statements

4 Accommodation managed by others

EPIC owns property managed by other bodies.

General needs – Social Rent

No of properties 2024	No of properties 2023
20	20

5 Interest and financing costs

	2024	2023
	£	£
Deferred benefit pension charge	21,499	11,000
Amortisation of Loan arrangement fees	13,024	17,524
Loan interest payable	479,888	492,033
	514,411	520,557

6 Surplus on ordinary activities

	2024	2023
	£	£
The operating surplus is stated after charging/(crediting):-		
Annual audit of the Association's financial statements	23,201	28,458
Fees payable to the auditor for other services to the Association:		
Taxation compliance services	-	-
Operating lease rentals – Office equipment	1,498	1,373
Depreciation of housing properties	1,046,860	1,029,486
Depreciation of other fixed assets	12,600	99,791
Amortisation of grant	(68,899)	(68,631)

Notes to the Financial Statements

7 Key Management Personnel

The Non- Executive Board Members received emoluments in the year to 31 March 2024 totalling £34,400 (2023 - £0). These were paid as shown below:

		Emoluments	Expenses	Total
		£	£	£
R Emery		2,500	115	2,615
R Challinor		2,500	-	2,500
S Wilson	Chair of Board	5,000	311	5,311
P Lunio	Left 27/09/23	1,250	75	1,325
N Leggett		2,500	1,206	3,706
M Dodwell	Chair of ARAC	3,500	735	4,235
J Moore	Chair of GRC	3,083	439	3,522
D Newmarch		2,500	134	2,634
C Small		2,500	406	2,906
A Jhawar		2,500	230	2,730
A Bragg		2,500	-	2,500
R Morton	Appointed as Co-optee 22/02/24	416	-	416
		30,749	3,651	34,400

	2024	2023
	£	£
The aggregate emoluments paid to or receivable by Directors and the executive management team	418,503	253,285
The pension contributions paid to the key management personnel	18,439	12,061
The emoluments paid to the highest-paid Director excluding pension contributions	95,354	74,725

The Chief Executive is an ordinary member of the pension scheme. The pension scheme offered from May 2016 was a defined contribution scheme funded by annual contributions by the employer and employee. No enhanced or special terms apply. There are no additional pension arrangements. A contribution by EPIC of £4,767 (2023: £3,173) was paid in addition to the personal contributions of the Chief Executive.

Key Management Personnel are defined as the members of the Board and Executive Team.

Notes to the Financial Statements

8 Employee information

	2024 No.	2023 No.
The average number of persons employed during the year expressed in full time equivalents (35 hours per week) was:		
Office staff	27	22
Wardens, caretakers and cleaners	1	1
Total employees	28	23
	£	£
Staff costs		
Wages and salaries	1,205,766	882,095
Social security costs	118,937	86,773
Other pension costs (Defined benefit & defined contribution)	68,189	47,390
Total Employee Costs	1,392,892	1,016,258
	No.	No.
Aggregate number of full-time equivalent staff whose remuneration exceeded £60,000 in the year		
£60,001 to £70,000	3	1
£70,001 to £80,000	-	1
£80,001 to £90,000	1	-
£110,001 to £120,000	1	-
£120,001 to £130,000	-	-
£230,001 to £240,000	-	-

Notes to the Financial Statements

9 Tangible fixed assets

	Social Housing Properties Completed £	Social Housing Propertie s Not Comple d £	Land £	Freehold offices £	Office Furniture and equipment £	Total £
Cost or valuation						
At 31.3.23	59,682,996	-	50,000	188,046	592,500	60,513,542
Revaluation	-	-	-	-	-	-
Additions						
Properties	72,148	-	-	-	-	72,148
Additions						
Components	826,435	-	-	-	-	826,435
Component						
Replacements	(139,266)	-	-	-	-	(139,266)
Property						
Disposals	(144,619)	-	-	-	-	(144,619)
OFA Disposals	-	-	-	-	(56,808)	(56,808)
At 31.3.24	60,297,694	-	50,000	188,046	535,692	61,071,432
Depreciation / impairment						
At 31.3.23	9,373,648	-	-	21,699	561,027	9,956,374
Charge for						
year	1,046,860	-	-	3,514	9,086	1,059,460
Components						
replaced	(139,266)	-	-	-	-	(139,266)
Property						
Disposals	(17,305)	-	-	-	-	(17,305)
OFA Disposals	-	-	-	-	(56,808)	(56,808)
At 31.3.24	10,263,937	-	-	25,213	513,305	10,802,455
NBV 31.3.24	50,033,757	-	50,000	162,833	22,387	50,268,977
NBV 31.3.23	50,309,348	-	50,000	166,347	31,473	50,557,168
					2024	2023
					£	£
Components capitalised					826,435	671,192
Amounts charged to expenditure					659,084	242,026

Notes to the Financial Statements

10 Fixed asset investments

	2024	2023
	£	£
At 31.3.23	1	1
Additions in the year	-	-
At 31.3.24	1	1
Net book value 31.3.24	1	1
Net book value 31.3.23	1	1

The Company owns 100% of the issued share capital of EPIC Regeneration Services Limited, a company incorporated in England and Wales. This Company has aggregate capital and reserves of £1 and has been dormant since incorporation.

Under the provision of section 371 of the Companies Act 2006 the Association is exempt from preparing consolidated accounts and has not done so. Therefore, these accounts show information about the Association as an individual entity.

11 Trade and other debtors

	2024	2023
	£	£
Rent arrears	287,686	269,871
Less: provision for bad debts	(229,639)	(242,463)
Other debtors	173,158	75,211
Prepayments and accrued income	328,201	339,214
Total	559,406	441,833

All debtors are due within one year.

12 Cash and cash equivalents

	2024	2023
	£	£
Investments	439,363	13,658
Cash at bank and in hand	2,815,432	3,698,108
Total	3,254,795	3,711,766

Included in the above is £111,108 (2023: £105,489) held on trust for Leaseholders.

Notes to the Financial Statements

13 Creditors: amounts falling due within one year

	2024	2023
	£	£
Trade creditors	243,336	79,100
Deferred capital grant (Note 15)	68,899	68,631
Rents and service charges paid in advance	196,356	197,581
Service charge balances held on behalf of leaseholders	111,108	105,489
Accruals and deferred income	315,745	823,234
Loans and overdrafts	483,011	469,028
Other creditors	776	-
Total	1,419,231	1,743,063

Loans are secured by housing properties, see note 23.

14 Creditors: amounts falling due after more than one year

	2024	2023
	£	£
Deferred Capital Grant (Note 15)	6,356,106	6,398,471
Loans	16,797,431	17,280,598
Recycled Capital Grant Fund	169,115	191,559
Total	23,322,652	23,870,628

Loans are secured by housing properties, see note 23.

15 Deferred capital grant

	2024	2023
	£	£
At 31.3.23	6,467,101	6,568,232
Grant received in the year	-	-
Grant transferred from RCGF	51,803	-
Grant transferred Re Property Disposals	(25,000)	(32,500)
Amortised in the year	(68,899)	(68,631)
At 31.3.24	6,425,005	6,467,101
Amount due to be released in less than 1 year	68,899	68,631
Amount due to be released after 1 year	6,356,106	6,398,470
Total	6,425,005	6,467,101

16 Provision For Liabilities – Social housing pension scheme

The Association participates in the Social Housing Pension Scheme (the Scheme), a multi-employer scheme which provides benefits to some 400 non-associated employers. The Scheme is a defined benefit scheme in the UK and administered by TPT Retirement Solutions.

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 triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m (2017 – £1,522m). A Recovery Plan has been put in place with the aim of recovering this deficit by 30 September 2028.

Notes to the Financial Statements

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. The Pensions Trust has estimated the cost for EPIC withdrawing from the scheme as at 30 September 2022 is £1,691,118.

For financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

Fair value plan of assets, present value of defined benefit obligation and defined benefit asset/(liability)

	2024	2023
	£'000	£'000
Fair value of plan assets	2,217	2,249
Present value of defined benefit obligation	2,747	2,740
(Deficit)/surplus in plan	(530)	(491)
Unrecognised surplus	-	
Defined benefit (liability)/asset to be recognised	(530)	(491)

Reconciliation of opening and closing balances of the defined benefit obligation

	2024	2023
	£'000	£'000
Defined benefit obligation at start of period	2,740	4,003
Current service cost	-	-
Expenses	4	4
Interest expense	132	111
Member contributions	-	-
Actuarial losses (gains) due to scheme experience	(26)	183
Actuarial losses (gains) due to changes in demographic assumptions	(25)	(5)
Actuarial losses (gains) due to changes in financial assumptions	(57)	(1,536)
Benefits paid and expenses	(21)	(20)
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	2,747	2,740

Notes to the Financial Statements

Reconciliation of opening and closing balances of the fair value of plan assets

	2024 £'000	2023 £'000
Fair value of plan assets at start of period	2,249	3,552
Interest income	111	100
Experience on plan assets (excluding amounts included in interest income) – gain (loss)	(245)	(1,498)
Employer contributions	123	115
Member contributions	-	-
Benefits paid and expenses	(21)	(20)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Exchange rate changes	-	-
Fair value of plan assets at end of period	2,217	2,249

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2023 to 31 March 2024 was (£134,000).

Defined benefit costs recognised in the statement of comprehensive income (SOCI)

	2024 £'000	2023 £'000
Current service cost	-	-
Expenses	4	4
Net interest expense	21	11
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)	25	15

Defined benefit costs recognised in other comprehensive income (OCI)

	2024 £'000	2023 £'000
Experience on plan assets (excluding amounts included in net interest cost) – gain (loss)	(245)	(1,498)
Experience gains and losses arising on the plan liabilities – gain (loss)	26	(183)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain (loss)	25	5
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain (loss)	57	1,536
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain (loss)	(137)	(140)
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)	(137)	(140)

Notes to the Financial Statements

Assets

	2024 £'000	2023 £'000
Global Equity	221	42
Absolute Return	87	24
Distressed Opportunities	78	68
Credit Relative Value	73	85
Alternative Risk Premia	70	4
Fund of Hedge Funds	-	-
Emerging Markets Debt	29	12
Risk Sharing	130	166
Insurance-Linked Securities	11	57
Property	89	97
Infrastructure	224	257
Private Debt	2	100
Opportunistic Illiquid Credit	87	96
High Yield	-	8
Opportunistic Credit	-	-
Cash	44	16
Corporate Bond Fund	-	-
Liquid Credit	-	-
Long Lease Property	14	68
Secured Income	66	103
Liability Driven Investment	902	1,036
Net Current Assets	4	6
Currency Hedging	(1)	4
Total assets	2,217	2,249

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

Key Assumptions

	2024 % per annum	2023 % per annum
Discount Rate	4.92%	4.83%
Inflation (RPI)	3.09%	3.16%
Inflation (CPI)	2.79%	2.81%
Salary Growth	3.79%	3.81%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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

	2024 Life expectancy at age 65 Years	2023 Life expectancy at age 65 Years
Male retiring in 2024	20.5	21.0
Female retiring in 2024	23.0	23.4
Male retiring in 2044	21.8	22.2
Female retiring in 2044	24.4	24.9

Notes to the Financial Statements

17 Capital commitments

The table below shows the financial implications and sources of funding to deliver the signed contracts.

	2024 £	2023 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	-	-
Capital expenditure that has been authorised by the Board but has not yet been contracted for	-	-
Capital commitment	-	-
EPIC expects these commitments to be financed with:		
Triodos loan facilities	-	-
Social housing grant	-	-
Internally generated resources (revenue reserve)	-	-
Total	-	-

18 Contingent liability

If EPIC were to withdraw from all forms of the Social Housing Pension Scheme it has been calculated that our debt on withdrawal as at 30th September 2022 would be £1,691,118. We have no plans to exit from the scheme at the present time.

19 Grant and financial assistance

	2024 £	2023 £
Total accumulated SHG received or receivable at 31 March:		
Held as deferred capital grant	6,889,916	6,863,114
Total	6,889,916	6,863,114

In addition to the grant above which is accounted for within the accounts we also have a potential liability of £2.69m of grant transferred from other Registered Providers as part of the property acquisition of 169 units from the Bromford Group in May 2021.

20 Related parties

As at March 2024, the Board has no Tenant Board members and there were no related party transactions during the year to 31 March 2024. We have no staff representative on the Board, but four staff members are also tenants of EPIC, all under normal rental policies, the same as any other tenant.

21 Surplus on disposal

One house and one flat have been sold in the current financial year under the Right to Acquire (RTA) and Right to Buy (RTB).

	2024 £	2023 £
Sale Proceeds	135,750	336,000
Less:		
Associated selling fees	(3,336)	(2,671)
Write off cost (NBV)	(126,160)	(183,886)
Surplus on disposal	6,254	149,443

Notes to the Financial Statements

22 Recycled capital grant fund

	2024	2023
		£
Opening balance of fund	191,560	157,418
Inputs/Withdrawals	(26,801)	32,500
Interest Accrued	4,356	1,642
At 31.3.24	169,115	191,560

Included within the RCGF balance is £108,116 is potentially repayable within 1 year.

23 Loans

At the financial year end, EPIC had drawn down a total of £19.3m and repaid £2.0m. The loans are secured against EPIC's housing stock, over a 25-year term, and are on a fixed-interest basis.

	2024	2023
	£	£
Maturity of debt		
In less than one year	483,011	469,028
In more than one year but less than two years	495,353	483,010
In more than two years but less than five years	2,181,876	1,595,040
In greater than five years	14,120,202	15,202,547
Total	17,280,442	17,749,625

24 Interest rate risk and exposure

As at 31st March 2024 the following amounts were drawn down and had been fixed on 20th March 2020:

Facility 1 – £4,533,576.98 – 2.553% – Fixed until 20/03/2030

Facility 2 – £3,821,496.49 – 2.653% – Fixed until 20/03/2030

The additional drawdown of £10.3m in April 2021 was also fixed for a period of 10 years:

Facility 3 – £5,000,000 – 2.779% – Fixed until 21/04/2031

Facility 4 – £5,300,000 – 2.879% – Fixed until 21/04/2031 (Interest only until April 2026)

EPIC Treasury Management Policy sets out that when looking at any aspect of interest rate exposure, it is important to remember that overall interest rate risk management is about reducing risk and increasing certainty. It is not about best guessing or predicting the way interest rates will move.

Any sensitivity analysis will be applied to all variable-rate borrowing and to any fixed-term borrowing after its maturity date, using market forecast rates.

The Board must approve the use of hedging instruments subject to the Rules of the Association and the regulators guidelines/approval. In such cases a hedging strategy must be prepared and appended to the Treasury Management Policy, which must state the type of instruments to be used, the value limits, the counterparties involved and the periods for which they will be in place.

25 Post balance sheet events

There are no Post Balance Sheet Events of any significance to report.





“EPIC continues to gain momentum and strength across all activities, developing our financial resilience even further with a focus on tenants and their homes.”

Simon Wilson, Chair



If you have any queries in respect of this report, please contact:

Sharon Shaw, Director of Resources

In writing:

EPIC Housing
131-141 Ubberrley Road
Bentilee
Stoke-on-Trent
ST2 0EF

By telephone: 01782 252575

Via email: mailbox@epichousing.co.uk

EMPOWERING PEOPLE INSPIRING COMMUNITIES LIMITED

England & Wales - Charity number 1118644

Accounts



Empowering People Inspiring Communities Limited

Financial statements

For the year ended 31 March 2023

Charity Number: 1118644

Company Number: 3333405

Regulator of Social Housing Number: L4167

Contents

Page	
3	Chair's Foreword
4	Board Members, Executive Officers, Company Information
6	Report of the Board
10	Strategic Report
17	Independent Auditor's Report
22	Statement of Comprehensive Income
23	Statement of Financial Position
24	Statement of Changes in Reserves
25	Statement of Cash Flows
26	Notes to the Financial Statements

Chair's Foreword

Whilst I was officially appointed as Chair in April 2023, I observed Board meetings and away days from February 2023 and had an extensive handover from the Chair, S Funnell who stepped down in March 2023.

The last year has seen many changes within EPIC, as the Board and Executive Team continued to respond to the Regulatory downgrade to G3 issued in August 2021. The Board and Interim Executive Team focused on delivering the Governance Recovery and Improvement Plan (GRIP) agreed with the Regulator and supported by Savills. The skills and experience of the Interim Executive Team along with the refreshed Board proactively ensured that the safety of tenants was front and centre, in a time of economic turmoil with rising inflation and supply chain challenges.

The delivery of the GRIP involved the recruitment and appointment of a permanent Chief Executive and Executive Team. This new team has been able to build on the work undertaken in the early part of 2022-23 and is now well-established. The Board took overall responsibility for matters relating to audit, risk and operations, as both the Audit & Risk Committee and the Operations Committee were collapsed.

The focus and delivery of the GRIP was driven by a Board Recovery Working Group (RWG) established in 2021. Key decisions undertaken included the creation of a Control Framework, encompassing, but not limited to, legal and regulatory context, refreshing and modernising the Articles of Association, Board and Committee structure and associated terms of reference, constitutional documents, corporate plan, financial regulations, risk management framework, safeguarding, equality and diversity and delegated authorities.

I must pay credit to the previous Chair, S Funnell and Vice Chair, P Lunio for their ongoing commitment and work with the Board and the Interim and permanent Executive Team in addressing the previous Regulatory fallings and driving forward improvements in governance and systems of control within EPIC.

The main focus during the year has been to stabilise the business and regain a compliant rating of G2, which was formally confirmed by the Regulator on 31st May 2023.

In addition to my own appointment, an additional 3 Board Members were recruited to commence service in April 2023, one of which secured the post of Chair of the re-instated Audit and Risk Assurance Committee from April 2023.

The refreshed and strengthened Board has adopted the findings of the fundamental strategic review carried out in 2022, resulting in the Corporate Plan 2022-2025, with the vision: to be a good landlord.

Four strategic objectives were established:

- **SERVICES** – providing inclusive and accessible services meeting local and regulatory standards.
- **ASSET MANAGEMENT** – providing good quality & safe homes.
- **PEOPLE** – valuing & investing in our people to deliver desired outcomes.
- **GOVERNANCE** – operating as a well-governed, financially viable organisation and ensuring our services meet the required standards.

The Corporate Plan and related budget increase in our investment in staffing and our properties will enable us to provide services to meet the upcoming changes in the Consumer Standards as well as our existing commitments within the Economic Standards.

Simon Wilson

Chair

Board Members, Executive Officers, Company Information

Board Members		Date Joined/ Resigned	Other Committee Membership	Board Meeting Attendance		
				Attended No.	Total No.	% Attendance
Stephen Funnell	B Chair/RM	Apr 17/Mar 23	n/a	6(B)5(R)	6(B)5(R)	100%
Peter Lunio	Vice Chair	Sep 17	n/a	4	6	67%
Andrew Milroy	RM	Oct 18/Sept 22	n/a	2(B)5(R)	2(B)5(R)	100%(B)/ 100%(R)
Juliet Powell	TM	Nov 20/Sept 22	n/a	0	3	0%
Rob Emery	LA	May 20	n/a	6	6	100%
Robert Kent		Mar 20/Dec 22	n/a	1	3	33%
Nick Leggett		Mar 20	ARAC	5	6	83%
Rachel Challinor	R Chair	Oct 21	n/a	6(B)5(R)	6(B)5(R)	100%
Amandeep Jhavar		Nov 21	ARAC	4	6	67%
Dave Newmarch		Oct 21	n/a	4	6	67%
Colin Small		Nov 21	ARAC	4	6	67%
Simon Wilson	B Chair	Apr 23	n/a	n/a	n/a	n/a
Margaret Dodwell	A Chair	Apr 23	ARAC	n/a	n/a	n/a
Alun Bragg		Apr 23	ARAC	n/a	n/a	n/a
Jonathan Moore		Apr 23	n/a	n/a	n/a	n/a

Key:

B Chair *Board Chair*

A Chair *Audit and Risk Assurance Committee Chair (ARAC to commence in 2023-24)*

R Chair *Recovery Working Group Chair*

TM *Tenant Member*

LA *Local Authority Member – No longer relevant post-update of Articles of Association*

Board Members, Executive Officers, Company Information

Executive Officers

Chief Executive	T Johnson	Appointed 18.07.22
Interim Finance Director	D Glass	Appointed 01.06.21
Director of Corporate Services	D Glass	Appointed 26.07.22
Director of Housing	C Gleghorn	Appointed 30.08.22
Head of Business Support Services	K Heath	Appointed 08.08.22
Interim Director of Asset Management	J Mitchell	Appointed 14.02.22
Director of Asset Management & Building Compliance		Appointed 22.08.22
Changes		
Interim CEO	R Rance	Resigned 26.07.22
Interim Housing Director	L Clayton	Resigned 06.09.22

Company Information

Registered Office	131-141 Ubbertley Road, Bentilee, Stoke on Trent, Staffordshire, ST2 0EF
Company Secretary	D Glass appointed 26.07.22 formerly R Rance until 26.07.22
Company No.	3333405
Charity No.	1118644
Regulator of Social Housing Registration No.	L4167
Auditor	Beever and Struthers, One Express, 1 George Leigh Street, Manchester M4 5DL
Bank	The Co-operative Bank plc, Birmingham Commercial Banking Centre, 118-120 Colmore Row, Birmingham, B3 3BA
Key lender	Triodos Bank, Deanery Road, Bristol, BS1 5AS

Report of the Board

The Board presents its report and the audited financial statements for the year ended 31 March 2023.

Principal activities

Empowering People Inspiring Communities (EPIC) is a charitable registered provider of social housing and is administered by a Board of 11 members. We are a community-based housing association managing 1,384 homes predominantly in the Bentilee area of Stoke-on-Trent. The vast majority of our homes are for general social housing residents, but we also have 23 leasehold properties. Full details of the stock and tenure is shown in Notes 3 and 4 of these financial statements.

Board and governance

EPIC is governed by a Board who (up until March 2023) provided their time and commitment on a voluntary non-remunerated basis. The Board shall comprise of a minimum of 5 and a maximum of 12. The Board members who served during the period are shown on page 4, along with those appointed from April 2023.

Our Executive Officers are listed on page 4; they are not members of the Board. They act as an Executive within the authority delegated to them by the Board, as set out in the revised EPIC Control Framework. The remuneration of the Executive team, along with details of the highest-paid officer, is detailed in Note 7 of these financial statements.

The Board has ultimate responsibility for the governance of the Company. The Board's central role is to direct the organisation's work; that is to determine strategic direction and policies. The Board agrees policies and makes decisions on all matters that might create significant financial or other risk to the Company; or which raise material issues of principle. Management, that is the implementation of Board policies, is delegated to the paid staff.

Committee structure

The two former formal Committees, Operations Committee and Audit and Risk Committee, were both suspended in 2021/22 in response to the Regulatory regrade to G3 enabling the governance structure to be reviewed. The Audit & Risk Assurance Committee was reinstated in April 2023 with the recruitment of an external Chair who is also a Board Member.

In October 2021, a Recovery Working Group was appointed to oversee the delivery of the Governance Recovery & Improvement Plan (GRIP).

Meetings during the year ended 31 March 2023	
Board	6
Recovery Working Group	5

In addition to the Board meetings outlined above there were 2 and a half days of dedicated time for the Board to have more generative discussions in November 2022 and February 2023 to discuss and review progress against the corporate plan and focus on the Long-Term Financial Plan.

Report of the Board

There were also a number of sessions facilitated by Savills from July to September 2022 for the entire Board and Executive to participate in the creation of a revised risk appetite and risk framework.

In addition to the above, a small Board working party also met to discuss the detail of the rent increases prior to the recommendations of the Executive Team presenting the proposals to the wider Board.

Appointment of Board Members

Board members are appointed in a formal process and are formally appointed at the next relevant Board Meeting.

Board skills, quality & experience

Board members should collectively possess the qualities and skills to take decisions and monitor performance. Collectively the Board needs to bring experience and understanding of a broad range of topics including, but not limited to, finance, development, residents' issues and local housing need.

Board Code of Conduct

Board members have an obligation to ensure that their private or personal interests do not influence their decisions or compromise their ability to always act in the best interests of EPIC and those whom it seeks to serve. They must not use their position to obtain personal gain of any sort.

Regulatory Judgement/Regulatory Notice

Historical Background

During the year 2020-21 circumstances arose that resulted in a post-year-end referral to the Regulator of Social Housing whereupon EPIC was placed upon the Grading Under Review listing.

The final outcome of this review was published in late August 2021 and resulted in a regrade to G3.

Update 2022-23

The Interim Executive Team appointed in 2021-22 continued to work with the Board and Regulator following the establishment of the GRIP and Corporate Plan. A permanent Executive Team was successfully appointed and took up their posts between July and August 2022. The newly established Executive Team continued the relationship with Savills, and the Regulator and followed the plan to recruit and appoint a new Chair for the Board as part of the succession planning, and also a new Chair of the Audit & Risk Assurance Committee. Two further Board Members were also recruited at this time, and all attended as observers at Board meetings prior to their formal appointments in April 2023. The new Executive Team also collated and submitted the required evidence and data required by the Regulator to conduct a grading review.

All of the data and updates required by the Regulator were submitted by October 2022 to enable the Regulator to observe the Board meeting on 13th December 2022 and prepare a report for internal review by the Regulator in line with their processes.

Report of the Board

On 31st May 2023, we were informed that all of the work and improvements in relation to governance and management had resulted in an regrade from G3 to G2.

Internal controls assurance

The Board Acknowledges its overall responsibility for establishing and maintaining the whole system of internal controls at EPIC and for reviewing its effectiveness.

The system of internal control is designed to manage, rather than eliminate, the risk of failure to achieve the business objectives, and to provide reasonable assurance against material misstatement or loss.

Through the Implementation of the Governance Recovery and Improvement Plan (GRIP), established following the regrade to G3 and the creation of the Board Member-led Recovery Working Group, the Board has been central to the fundamental reviews and improvements enacted to the systems of control.

EPIC's memorandum and articles of association have been fundamentally reviewed and modernised to bring them in line with current practice within the sector. This culminated in the development of EPIC's Control Framework, which comprehensively details the following areas:

- Overview and orientation, including legal and regulatory context, composition of the Board and Committees, key stakeholders.
- Governance framework, including articles of association, mission, control framework and financial regulations, risk management, policies, and procedures.
- Control framework, including operational structure, staff ethics and culture and remuneration of Board and Executives.
- Financial delegations, including financial control, budgeting, financial planning, payments, payroll and pensions and insurance and all other relevant areas.

During the financial year 2022-23, a fundamental review of EPIC's approach to risk management was undertaken, facilitated with the support of Savills. The new framework was published in September 2022. The updated strategic risk register identifies the risks, and the potential and actual controls in place, with responsibility of each risk area and responsibility of key controls to individual post holders and records updates. The Executive Team provides regular updates to the ARAC.

Regular reporting to the Board on progress against the Corporate Plan, financial and operational outcomes, health and safety compliance and complaints monitoring.

Robust strategic and business planning processes with detailed budgets, assumptions, stress testing against a range of scenarios, with potential mitigations identified for deployment.

A program of internal audits is in place with annual updates from TIAA during 2022-23 on progress against outstanding audit recommendations. This has been further strengthened with the introduction of progress updates as a standing agenda item at every ARAC meeting.

A series of self-assessments have taken place and were submitted to the Regulator as part of the grading review, along with supporting documentation as evidence of progress. These included assessments against Consumer and Economic Standards, and the NHF Code of Governance 2015.

The Regulator formally regraded EPIC to a compliant rating of G2 in May 2023 after working closely with the Executive Team and the Board and reviewing all of the data submitted, further demonstrating / validating the improvements made by EPIC in respect to its Governance and its management of its system of internal controls.

The work undertaken throughout the year is as a result of a fundamental change to the leadership, structure, systems, controls, and processes put in place. This is further evidenced in the internal audit annual report for 2022-23 from the Head of Internal Audit, TIAA, which states:

Report of the Board

"TIAA is satisfied that, for the areas reviewed during the year, EPIC Housing has reasonable and effective risk management, control, and governance processes in place."

Continuous improvement and embedding all that has been achieved in 2022-23 will remain a core focus for 2023-24, along with working with the Board, Regulator of Social Housing, and staff to enhance and improve on service delivery and improvements to the quality of tenants' homes.

Donations

No donations were made during the year – Nil (2021: £nil).

Directors' insurance

EPIC's Board members and officers have personal liability insurance through the organisation's company insurance. Cover was in place throughout the year and no claims were made.

Provision of information to the Auditor

The members of the Board who were in the meeting on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the members of the Board have confirmed that they have taken all the steps that they ought to have taken as members of the Board in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Independent Auditor

Beever and Struthers were re-appointed as auditor at the Board Meeting on 6th September 2022. They have confirmed their willingness to continue in office.

Approval

The report of the Board was approved by the Board on 21st September 2023 and signed on its behalf by:



Daniel Glass
Company Secretary

Strategic Report

What we do

EPIC were formed in 1998 following a stock transfer from Stoke-on-Trent City Council. Our vision is to be a good landlord. We offer houses, flats and bungalows for rent. We also offer a number of houses through our Rent-to-Buy scheme, where tenants can purchase their home, after a 5-year tenancy at a discounted rent. We acquired 4 shared-ownership properties from Bromford, and 1 has since bought the remaining share. We work closely with three local authorities and a range of other partners to ensure our housing helps meet the needs of local people.

Vision, Mission, Objectives and Beliefs

Our Vision

To be a good landlord.

Our Strategic Objectives

The Corporate Plan and strategy sets out EPIC's clear purpose, to be a good landlord, and our strategic objectives of:-

- **SERVICES** – providing inclusive and accessible services meeting local and regulatory standards
- **ASSET MANAGEMENT** – providing good quality & safe homes
- **PEOPLE** – valuing & investing in our people to deliver desired outcomes
- **GOVERNANCE** – operating as a well-governed, financially viable organisation and ensuring our services meet the required standards

Our Mission

Working to be a good landlord by:

- Providing quality housing services
- Providing homes that are building-safety compliant
- Providing an effective responsive repair service
- Providing a service developed with, and influenced by, our tenants
- Responding to our tenants' needs and feedback
- Working in partnership with local landlords and community service providers

What We Believe/Our Values

As a charity our values are intrinsic to how we go about doing business. Any financial surplus we make goes back into our services for the benefit of our tenants, ensuring we act in line with our charitable ethos. Our core values are:

- **Fairness:** We treat people equally and make decisions based on facts, not personal opinions.
- **Respect:** We treat people with respect, and act with courtesy.
- **Understanding:** We are empathetic, approachable and act professionally.
- **Integrity:** We are honest, dependable and do what we say we will.
- **Teamwork:** We work with our customers to ensure we deliver high-quality services. We believe that using our combined strengths makes us a better organisation.
- **Excellence:** We take pride in what we do, help others, are precise and accurate and strive to improve services.

Strategic Report

Value for Money

The Regulator of Social Housing Value for Money Standard and Code requires providers to report in their statutory accounts against the metrics defined by the Regulator. These metrics are defined in the 'Value for Money Metrics' document issued by the Regulator.

The table below details EPIC's performance against both the Value for Money Metrics as well as the Sector Scorecard indicators.

The main focus during 2022-23 has been on addressing the compliance and governance issues identified in 2021 and progressing EPIC towards recovery and a G2 grading. As such a number of the metrics have reduced including: gearing, EBITDA and ROCE. The EBITDA MRI Interest cover measure is a key indicator for liquidity and investment capacity and our score is favourable compared to the sector median. The level of gearing has decreased slightly as a result of the capital repayments; however, it remains considerably below the sector median. Our Headline Social Housing cost per unit has increased by over 24% as a result of the investment to make the required improvements to our homes and having increased staff resources but still remains lower than the sector median.

Value for Money Metrics					
	2021/22	2022/23	EPIC Forecast Target	Sector Median (all) 2021	Sector Median (all) 2022
Reinvestment % <i>This metric looks at investment in properties including existing stock and new stock. This is calculated as a percentage of value of total properties.</i>	24.0%	1.6%	1.0%	5.8%	6.5%
New supply delivered (social housing) as a % of total stock <i>This sets out the number of new social housing units that have been acquired or developed in the year as a proportion of total units.</i>	0.0%	0.0%	0.0%	1.3%	1.4%
New supply delivered (Non social housing) as a % of total stock <i>This sets out the number of new Non social housing units that have been acquired or developed in the year as a proportion of total units.</i>	N/A	N/A	N/A	N/A	N/A
Gearing % <i>This shows the proportion of our borrowing compared to our assets. A high gearing could indicate that we have taken on too much borrowing however low gearing could indicate that we have capacity to borrow more.</i>	29.3%	28.0%	30.8%	43.9%	44.1%
EBITDA – MRI (Interest Cover) <i>This shows how much cash the organisation is generating compared to interest payments. Any result above 100% means that we are generating surplus cash over and above interest payments</i>	337.3%	162.7%	236.3%	183.0%	146.0%
Headline social housing cost per unit (£) <i>The unit cost metric assesses the headline social housing cost per unit as defined by the Regulator of Social Housing</i>	2,626	3,272	3,553	3,730	4,150
Operating Margin % Social Housing <i>This is an indicator of operating efficiency and business health as it measures the amount of surplus generated from turnover on our day to day activities</i>	18.1%	11.5%	10.1%	26.3%	23.3%
Operating Margin % Overall <i>This is an indicator of operating efficiency and business health as it measures the amount of surplus generated from turnover on our day to day activities</i>	17.8%	11.5%	11.2%	23.9%	20.5%
Return on capital employed (ROCE) % <i>This metric compares the operating surplus to total assets less current liabilities and assesses the efficient investment of capital resources</i>	2.0%	1.5%	1.2%	3.3%	3.2%

Please note that the forecast target included is derived from applying the calculation methodology to the Board approved forecast for 2022-23.

In line with our current strategy, we are not investing in any additional units at the current time, hence zero percentage in new supply.

Strategic Report

Other Metrics			
	Actual 2021/22	Actual 2022/23	Forecast Target 2022/23
Voids <i>This measure illustrates the % rent lost through empty (void) stock %</i>	1.49	1.44	1.74
Management cost per unit <i>This metric shows the cost per unit incurred in managing our properties £</i>	1,460	1,779	2,281
Service charge cost per unit <i>This metric shows the service charge cost per unit £</i>	103	123	127
Maintenance cost per unit <i>This metric shows the average maintenance cost per unit including responsive repairs and planned revenue repairs £</i>	892	892	639
Rent Arrears <i>This shows how % of rent arrears compared to rent charged %</i>	3.59	4.77	N/A
Rent Receivable <i>This shows how effective we are at collecting rents due %</i>	97.62	98.36	97.50

Whilst void costs are lower than the previous year, they are significantly higher than they would have been, as the Board and Executive decided not to let any voids in the six blocks impacted by the fire improvement works until all of the interim measures were in place reducing the risks to moderate.

The increase in management costs reflects the additional costs of delivering the GRIP, with the need for an interim Executive Team, third party support and advice and the recruitment of the new Executive Team, along with the impacts of inflation.

Financial review

The Statement of Comprehensive Income for the year ended 31 March 2023 and the Statement of Financial Position at 31 March 2023 are shown on pages 22 and 23. The key financial highlights for EPIC are as follows:

- The total comprehensive income for the year of £142,387 compares to £989,105 in 2021-22. This is significantly impacted by a negative swing in the actuarial valuation of the pension scheme deficit, from an actuarial gain of £450,436 in 2021-22 to an actuarial loss of £142,783 in 2022-23.
- The surplus for the year before pension adjustments reflects a fall from £538,669 in 2022 to £285,171 in 2023, a reduction of £253,498. Note 2 illustrates the movement in key operating areas.
- The key areas where costs have increased are:
 - Management costs are £464k higher than in 2021-22; this is mainly as a result of the costs associated with the interim Executive Team in the first part of 2022-23, the costs associated with recruiting the new Executive Team, and costs associated with delivering the Governance and Recovery Improvement Plan agreed with the Regulator.
 - Routine maintenance costs increased by £506k to £993k from £486k 2021-22. This reflects the identification and remedial costs associated with damp and mould and disrepair cases at circa £215k. Additional EICRs and remedial works of £154k, procurement and installation of CO alarms £31k, and as a result of the first full year of the 3-star gas service contract equating to an increase of circa £82k.
 - Major repairs were £242k; this incorporates the costs associated with the fire improvement measures in respect of compartmentation works. The Board approved the capitalisation of composite fire doors, so these costs are captured in the component costs within the statement of Financial Position. The costs in 2021-22 of £753k included the interim fire improvement works, including the installation

Strategic Report

of integrated alarms and waking watch to support a simultaneous evacuation policy in the blocks identified as requiring improvements.

- The bad debt charge increased by £100k to £169k, mainly due to the creation of a bad debt provision associated with tenant recharges in respect of repairs.
- Financing costs are broadly in line with last year at £520k, versus £529k in 2021-22. The loan note explains that all loans are fixed until 2030-31. Turnover of £5,721,678 versus £5,425,044 in 2022 represents a net increase of £296,634, which equates to 5.47%. This is as a result of the combination of the additional income from the Bromford stock acquired in May 2021 being under ownership for the full year, and the rent increase applied in April 2022 of 4.1%. Void losses were £82,558, which was slightly higher than in 2021-22 of £80,945.
- Based on the statement of comprehensive income, the operating surplus for the year of £806,058 equates to 14.09% of turnover, compared to 19.71% in 2022 when the operating surplus was £1,068,900. The decrease in operating margin is primarily as a result of the additional costs outlined above.
- The Statement of Financial Position shows an overall increase of £142k, from £28.46m to £28.6m. The main movements are outlined below:
 - Assets decreased by £504k as a net result of the depreciation charge in the year, net of the component acquisitions in the year.
 - Trade debtors reduced by £47k mainly due to an increase in tenant-related bad debt provision along with a reduction in prepayments.
 - The year-end cash and short-term investment position increased by £386k from £3.326m to £3.712m, as a result of the trading results.
 - Creditors less than 1 year increased by £190k mainly as a result of an increase in the year-end accruals to £823k from £468k in 2021-22, which was offset by trade creditors reducing from £221k in 2022 to £80k in 2022-23.
 - The amount related to creditors over 1 year decreased by £536k, mainly as a result of the capital repayments, and release of deferred capital grant, offset by an increase in the recycled capital grant fund provision.
 - The Provision for the pension deficit increased, reflecting the change in the actuarial valuation net of the pension deficit payments made during the year.
 - The surplus of £142k related to the trading results in 2022-23 accounts for the movement in reserves.

Funding and Treasury

In relation to funding and Treasury activity, our sole lender is Triodos. Our principal bank providing day-to-day transactional support is the Co-operative Bank PLC. As at 31st March 2023, arranged facilities were £19.3m, all of which was drawn by May 2021. All the total debt drawn is at fixed interest rates until 2031.

Following the Regulatory regrade to G3, we have worked closely with our funders, ensuring that they are fully informed of our recovery plans, the progress that we are making against these and the Interactions we are having with the Regulator.

We fully complied with the 2 key loan covenants, and as at 31st March 2023 Interest Cover was 163% against a minimum 110% and Asset Cover was 139% versus a minimum of 125%.

Strategic Report

Whilst the long-term financial plan shows that we do not require any additional funding at the year-end, there were 680 units of unencumbered units of stock, subject to satisfactory gearing and interest cover providing approximate security headroom of MV-STT of £23.9m.

Treasury activities are controlled and monitored by the Board and are executed by the Corporate Services Director. EPIC's financial instruments comprise borrowings, cash and liquid resources, and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to finance operations.

Future plans, risks and uncertainties

- The Board completed a comprehensive strategic review during 2021 and reset the corporate strategy. The focus in 2022-23 was on delivering the Governance Recovery and Improvement Plan that was agreed with the Regulator. We had our first meeting with the Operational Team at the Regulator for Social Housing in July 2023 as we have now transferred to their oversight following the regrade to G2. The Board and Executive are working in conjunction with Savills to complete and conduct an IDA-ready assessment, prior to formally requesting an IDA from the Regulator. We will be working closely with the Operational Team at the Regulator to ensure that we are ready prior to applying for the IDA.
- During 2021-22 the operational priority was to ensure full compliance with consumer standards and, importantly, safeguarding the health and safety of our tenants. This was highlighted as a key concern by the Regulator and extensive work was undertaken in the identified properties, namely 43 blocks that each contain six flats. The intermediate fire safety remediation actions were all completed by March 2022, reducing all risks to moderate. We are well advanced with the next phase of work to install appropriate fire-stopping doors and address the compartmentation issues and complete all of the outstanding fire risk assessment actions in 2023-24.
- The Audit and Risk Assurance Committee was re-established in April 2023 and the forward plan has been developed to align with the Committee's new terms of reference. The core tasks will be to manage the external Internal audit program (which is focused / targeted at our key areas of risk), review progress against implementing internal audit actions, and undertake a series of deep dives, conduct comprehensive and regular reviews of the strategic risk register, receive, and review corporate health and safety, incidents of fraud and report back appropriately to the Board.
- A Governance and Remuneration Committee has been established from September 2023. in order to focus on key areas of improvement and feed into the Board with regards to employment matters including staff pay and governance.
- A Board-led working party has been established to review our Corporate Plan to identify potential changes for 2024 onwards. We have a two-day Board away day planned for November 2023 so that the Board can consider the future strategy in light of our regrading back to G2. Further time is allocated in February 2024 for the Board to consider the work on the revised corporate strategy.
- The Asset Team have continued to focus on our stock condition data. This will establish a prioritised formal stock investment program. Where we have identified gaps in the data a stock condition survey will have been carried out.
- The rate of inflation and cost-of-living crisis still remains a challenge and an ongoing risk to EPIC and our strategy. As such, extensive modelling will be undertaken including a range of stress-testing scenarios to model the potential impacts on the long-term financial plan, along with varying rates of inflation and incorporating potential rent caps, as part of the business planning cycle.

Strategic Report

- We have developed an interim ICT Strategy / Plan to ensure that our IT infrastructure is updated and that all core systems are updated to appropriate versions during 2023-24, with a view to improving the tenant experience, data integrity and increasing security and efficiency. We are working with a range of third-party suppliers to deliver these Improvements.

The Governance and Financial Viability Standard

The Board and Executive have diligently worked with Savills and the Regulator to deliver the agreed Governance Recovery and Improvement Plan. Following the Regulator's formal publication on 31st May 2023 confirming our regrading back to G2, the Board can confirm compliance with the Governance and Financial Viability Standard. As outlined in the section on Regulatory Judgement / Notice EPIC is actively preparing for an IDA and will be approaching the Regulator later in the year, with a view to regaining a G1 rating.

National Housing Federation Code of Governance

The Board has adopted the National Housing Federation's "Code of governance: Promoting board excellence for housing associations (2015 edition)" at the meeting on the 25th January 2022. The Board considered an update in respect to compliance with the 2015 code at the meeting on 19th July 2022, and this formed part of the evidence for the regrading. Work is ongoing to adopt the 2020 Code of Governance, and this is incorporated into continuous improvement plans.

Statement of Board members' responsibilities

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

Registered Provider legislation requires the Board to prepare financial statements for each financial year. Under that legislation the Board elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Housing Association legislation, the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the Board is required to:

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

The Board is responsible for keeping adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with Housing Association legislation. 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.

The Executive Team are responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the United Kingdom

Strategic Report

governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board on 21st September 2023 and signed on its behalf by:



Daniel Glass
Company Secretary

Independent Auditor's Opinion

Opinion

We have audited the financial statements of Empowering People Inspiring Communities Limited (the 'company') for the year ended 31 March 2023 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Reserves, the 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 company's affairs as at 31 March 2023 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, 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 company 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 Board's use of the going-concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company'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 is responsible for the other information. 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.

In connection with our audit of the 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Board's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Board's report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Board's report.

We have nothing to report in respect of the following matters in relation to which Companies Act 2006 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion, a satisfactory system of control over transactions has not been maintained.

Responsibilities of the Board

As explained more fully in the Board's Responsibilities Statement set out on page 15-16, the Board is responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Board determines 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 is responsible for assessing the company'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 intends to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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

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.

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Companies Act, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2022, tax legislation, health and safety legislation, and employment legislation.

Empowering People Inspiring Communities Limited
Financial Statements for the year ended 31 March 2023



- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud.
- We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing, recognising the nature of the company's activities and the regulated nature of the company's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls, we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Empowering People Inspiring Communities Limited
Financial Statements for the year ended 31 March 2023



Use of the audit report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

H. Knowles

Helen Knowles (Senior Statutory Auditor)
For and on behalf of
Beever and Struthers
Statutory Auditor
One Express
1 George Leigh Street
Manchester
M4 5DL

Date: 27th September 2023

Statement of Comprehensive Income

		Year Ended 31 March 2023 £	Year Ended 31 March 2022 £
	Note		
Turnover	1,2	5,721,678	5,422,580
Operating costs	2	(5,065,063)	(4,457,983)
Gain on disposal of property, plant and equipment	21	149,443	104,303
Operating surplus		806,058	1,068,900
Interest receivable net of indexation of RCGF interest		(331)	(415)
Interest and financing costs	5	(520,557)	(529,817)
Surplus before taxation		285,170	538,668
Taxation		-	-
Surplus for the year after taxation		285,170	538,668
Other comprehensive income			
Actuarial gain/(loss) in respect of pension scheme	16	(142,783)	450,436
Total comprehensive income for the year		142,387	989,104

The results relate wholly to continuing activities and the notes on pages 26 to 43 form an integral part of these accounts.

Statement of Financial Position

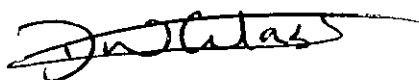
	Note	As At 31 March 2023 £	As At 31 March 2022 £
Fixed assets			
Tangible fixed assets	9	50,557,168	51,060,911
Investments in subsidiary	10	1	1
		<u>50,557,169</u>	<u>51,060,912</u>
Current assets			
Trade and other debtors	11	441,833	489,065
Investments	12	13,658	13,608
Cash and cash equivalents	12	3,698,108	3,312,268
		<u>4,153,599</u>	<u>3,814,941</u>
Less: Creditors: amounts falling due within one year	13	<u>(1,743,063)</u>	<u>(1,554,069)</u>
Net current assets		<u>2,410,536</u>	<u>2,260,872</u>
Total assets less current liabilities		<u>52,967,705</u>	<u>53,321,784</u>
Creditors; amounts falling due after more than one year	14	<u>(23,870,628)</u>	<u>(24,407,094)</u>
Provisions for liabilities			
Pension – defined benefit liability	16	<u>(491,000)</u>	<u>(451,000)</u>
Total net assets		<u>28,606,077</u>	<u>28,463,690</u>
Reserves			
Revaluation reserve		9,121,346	9,426,346
Revenue reserve		19,484,731	19,037,344
Total Reserves		<u>28,606,077</u>	<u>28,463,690</u>

Company registration number 3333405.

The financial statements on pages 22 to 43, were approved and authorised for issue by the Board on 21st September 2023 and were signed on its behalf by:



S Wilson – Chair



D Glass – Company Secretary

Statement of Changes in Reserves

	Revenue Reserve £	Revaluation Reserve £	Total £
Balance at 31 March 2021	17,772,240	9,703,346	27,475,586
Surplus 2021/22	989,104	-	989,104
Right to Acquire Property Disposals (Reversal of Revaluation)	-	(1,000)	(1,000)
Transfer between reserves (excess depreciation)	276,000	(276,000)	-
Balance at 31 March 2022	19,037,344	9,426,346	28,463,690
Surplus 2022/23	142,387	-	142,387
Transfer between reserves (excess depreciation)	305,000	(305,000)	-
Balance at 31 March 2023	19,484,731	9,121,346	28,606,077

Statement of Cash Flows

	Note	Year ended 31 March 2023 £	Year ended 31 March 2022 £
Net cash generated from operating activities (see below)		1,839,921	3,361,292
Cash flow from investing activities			
Purchase of tangible fixed assets		(813,409)	(12,242,440)
Proceeds from sale fixed assets		336,000	400,000
Grants received		-	21,572
Interest received		1,311	118
Cash flow from investing activities		(474,017)	(11,820,750)
Cash flow from financing activities			
Interest paid		(520,557)	(529,817)
New secured loans		-	10,300,000
Repayment of borrowing		(457,378)	(447,296)
Subtotal		(977,936)	9,322,887
Net change in cash and cash equivalents		385,888	863,429
Cash and cash equivalents at beginning of the year		3,325,877	2,462,447
Cash and cash equivalents at end of the year	12	3,711,765	3,325,876
Cash flow from operating activities			
Surplus before taxation		285,171	538,668
Adjustments for non-cash items:			
Depreciation of tangible fixed assets		1,129,277	1,065,851
Movement in bad debt provision		158,234	71,289
Movement in trade and other debtors		(111,002)	1,212,240
Movement in trade and other creditors		192,469	204,574
Pension costs less contributions payable		(113,783)	(84,564)
Adjustments for investing or financing activities:			
Surplus from the sale of tangible fixed assets		(152,702)	(108,041)
Government grants utilised in the year		(68,631)	(68,956)
Interest payable		520,557	529,816
Interest received		331	415
Net cash generated from operating activities		1,839,921	3,361,292

Reconciliation of Net Debt	At the Beginning of the Year £	Cashflows £	At the End of the Year £
Cash and Cash Equivalents	3,325,877	385,888	3,711,765
Housing Loans Due in 1 Year	(457,378)	(11,650)	(469,028)
Housing Loans Due After 1 Year	(17,750,399)	469,801	(17,280,598)
	(14,881,900)	844,039	(14,037,861)

Notes to the Financial Statements

Legal Status

Empowering People Inspiring Communities Limited is incorporated under the Companies Act 2006 as a company limited by guarantee without share capital and is registered with the Regulator of Social Housing in England as a Private Registered Provider as defined by the Housing and Regeneration Act 2008 and the Charity Commission.

Principle Accounting Policies

(a) Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018. The Association is a Public Benefit Entity and has applied the Public Benefit Entity Section of FRS102.

The financial statements comply with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2022. The accounts are prepared on the historical cost basis and are presented in sterling for the year ended 31 March 2023.

The financial statements have been prepared in compliance with FRS102.

(b) Going concern

The Association's financial statements have been prepared on a going-concern basis which assumes an ability to continue operating for the foreseeable future. No significant concerns have been noted and we consider it appropriate to continue to prepare the financial statements on a going concern basis.

(c) Critical accounting judgements and key sources of estimation uncertainty

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

- **Categorisation of housing properties**

The Association has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Association has considered if the asset is held for social benefit or to earn commercial rentals. The Association has determined that all property is held for social benefit.

- **Impairment**

Impairment is recognised where the carrying value of a cash-generating unit exceeds the higher of the net realisable value or its value in use. The Association has identified a cash-generating unit for impairment assessment purposes at a property unit level.

Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash-generating unit is recognised by a charge to the Statement of Comprehensive Income.

Notes to the Financial Statements

Principle Accounting Policies (continued)

- **Impairment (continued)**

Following a trigger for impairment, impairment tests are performed based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in an arm's length transaction on similar cash-generating units (properties) or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on either a depreciated replacement cost or a discounted cash flow model. The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the Association as the existing property.

The cash flows are derived from the Long-Term Financial Plan and do not include restructuring activities that the association is not yet committed to or significant future investments that will enhance the asset's performance of the cash-generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes. Following the assessment of impairment, no impairment losses were identified in the reporting period.

- **Development expenditure**

The Association capitalises development expenditure in accordance with the accounting policy described on page 29. Initial capitalisation of costs is based on management's judgement that the development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

- **Pension and other post-employment benefits**

Until May 2016 staff were on various Social Housing Pension Schemes (SHPS), depending on when they joined the organisation. This included a final salary scheme, career average earnings and defined contribution. The final salary scheme and career average earnings both defined benefit schemes (DB) schemes closed in May 2016. We continue to have liabilities related to the DB schemes and are paying deficit payments as required by SHPS. The pension scheme offered from May 2016 is a defined contribution (DC) scheme. There are no ongoing liabilities to the DC scheme.

The minimum contribution levels set by law effective from April 2019 are as follows:

5% Employer contribution, 3% Employee contribution, 8% Total contribution. Employees can opt to contribute over and above 3%.

The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long-term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for

Notes to the Financial Statements

Principle Accounting Policies (continued)

quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high-quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector. Further details are given in Note 16.

(d) Other key sources of estimation and assumptions

- **Tangible Fixed Assets**

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

(e) Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities and for its investment function Homes England, 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 letting, net of voids.

(f) Service charges

Service charge income and costs are recognised on an accruals basis. The Association operates both fixed and variable service charges on a scheme-by-scheme basis in full consultation with residents. Where variable service charges are used, 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. Until these are returned or recovered they are held as creditors or debtors in the Statement of Financial Position.

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 with long-term creditors.

(g) Loan interest costs

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan.

- **Loan finance issue costs**

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income account in the year in which the redemption took place.

Notes to the Financial Statements

Policies (continued)

(h) Taxation

The Association gained charitable status on 2 April 2008 and therefore its general activities fall outside the scope of the United Kingdom Taxation legislation. The Association is exempt for VAT purposes.

(i) Housing properties

Tangible fixed assets are stated at deemed cost or cost, less accumulated depreciation. The Association has elected to use a previous GAAP valuation of the housing properties as deemed cost on transition to FRS102.

All properties and land are freehold. Freehold land held for development is not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives (UEls), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The Association depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

UEls for identified components are as follows:

	Years
Housing Structure	100
Roof	60
Windows	25
Bathrooms	30
Kitchens	20
Boilers	15
Heating Distribution Systems	30
Electrical Rewires	30
Solar panels	25
Composite Doors	30

Other Tangible Fixed Assets

Depreciation is charged on other tangible fixed assets on a straight-line basis over the expected economic useful lives which are as follows:

	Years
Freehold Offices	50
Office furniture	10
Office equipment	4
Tools and equipment	2
Computer equipment	2-5

The Association has elected to use a previous GAAP valuation of the freehold offices as deemed cost at transition to FRS102 in 2016.

(j) Capitalisation of interest and administration costs

No interest or administration costs are capitalised. There is potential to capitalise administration costs if directly attributable to development.

Notes to the Financial Statements

Principle Accounting Policies (continued)

(k) Property managed by other parties

Where the Association carries the majority of the financial risk on property managed by other parties, income arising from the property is included in the Statement of Comprehensive Income Account.

The assets and associated liabilities are included in the Association's Statement of Financial Position.

(l) Leasing

Payments for operating leases are charged to the Statement of Comprehensive Income on a straight-line basis over the term of the lease.

(m) Investments

Investments held in subsidiaries are stated at cost less accumulated impairment and are included in fixed assets. Current asset investments include cash and cash equivalents invested for periods of more than 24 hours. They are recognised initially at cost and subsequently at fair value at the reporting date. Any change in valuation between reporting dates is recognised in the statement of comprehensive income.

(n) Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

(o) Non-government grants

Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised when received or receivable. Where grant is received with specific performance requirements it is recognised as a liability until the conditions are met and then it is recognised as turnover.

(p) Social housing grant and government grants

Where acquisitions have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in turnover over the estimated useful life of the associated asset structure (not land), under the accruals model.

SHG must be recycled 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.

(q) Non-monetary government grant

On disposal of assets for which non-monetary government grants are held as liabilities in the Statement of Financial Position, the unamortised amount in creditors is amended and included as Income in the Statement of Comprehensive Income.

(r) Recycling of capital grant

Where Social Housing Grant is recycled, as described above, the SHG is credited to a fund which appears as a creditor until used to fund the acquisition of new properties, where recycled grant is known to be repayable it is shown as a creditor within one year.

Notes to the Financial Statements

Principle Accounting Policies (continued)

(s) 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.

(t) Retirement benefits

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services.

The Association participates in the Social Housing Pension Scheme ('SHPS'), a defined benefit multi-employer pension scheme, and defined contribution scheme administered by TPT Retirement Solutions ('TPT').

The deficit payments related to the Defined Benefit, final salary scheme is charged as a management expense, in line with the SHPS deficit repayment plan.

(u) Reserves policy

The Association is able to freely utilise the revenue reserves to further its objectives. In line with our approved Business Plan, we are currently utilising our reserves for improving our existing stock. When reviewing any opportunities, we need to ensure that whilst fulfilling the Association's objectives and aims that they are also financially viable in the longer term.

(v) Financial instruments

All loans held by the Association are classified as basic financial instruments in accordance with FRS 102. They are measured at transaction price plus transaction costs initially; and subsequently at amortised cost using the effective interest rate method. Loans repayable within one year are not discounted.

Financial Assets

Trade and Other Debtors

Trade and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment loss.

A provision for impairment of trade debtors is established where there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the Statement of Comprehensive Income for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the Statement of Comprehensive Income.

Financial Liabilities

Trade and Other Creditors

Trade and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price less any amounts settled.

All loans held by the Association are classified as basic financial instruments in accordance with FRS102.

Notes to the Financial Statements

1 Turnover, cost of sales, operating expenditure and operating surplus

2023

	Turnover £	Cost of sales £	Operating expenditure £	Operating surplus £
Social housing lettings (note 2)	5,721,678	-	5,065,063	656,615
Activities other than social housing	-	-	-	-
Total	5,721,678	-	5,065,063	656,615

2022

	Turnover £	Cost of sales £	Operating expenditure £	Operating surplus £
Social housing lettings (note 2)	5,422,580	-	4,457,983	964,597
Activities other than social housing	-	-	-	-
Total	5,422,580	-	4,457,983	964,597

Notes to the Financial Statements

2 Turnover and operating expenditure

	2023 £	2022 £
Income		
Rent receivable net of identifiable service charges	5,495,755	5,198,283
Service charges income	157,292	157,806
Net rental income	5,653,047	5,356,089
Sundry income	-	(2,465)
Total turnover from social housing lettings	5,653,047	5,353,624
Amortised government grants (Note 15)	68,631	68,956
Turnover from social housing lettings	5,721,678	5,422,580
Operating expenditure		
Management	2,462,389	1,998,135
Service charge costs	169,636	141,636
Routine maintenance	992,546	486,171
Major repairs expenditure	242,027	753,353
Movement in Bad debt provision	168,979	68,232
Depreciation of housing properties	1,029,486	1,010,456
Operating expenditure on social housing lettings	5,065,063	4,457,983
Operating surplus from social housing lettings	656,615	964,597
Void rental losses	82,558	80,945

3 Accommodation owned, managed and in development

	No. of properties		No. of properties	
	Owned	Managed	Owned	Managed
	2023	2023	2022	2022
Social Housing				
Under Management at the end of the year:				
General needs housing – Social Rent	1,102	-	1,106	-
– Affordable Rent	172	-	170	-
– Intermediate	87	-	89	-
– Leasehold	23	-	20	-
– Shared Ownership	3	-	3	-
General needs housing – Under Construction	0	-	1	-
	1,387	-	1,389	-

4 Accommodation managed by others

EPIC owns property managed by other bodies.	No of properties	No of properties
	2023	2022
General needs – Social Rent	20	20

Notes to the Financial Statements

5 Interest and financing costs

	2023	2022
	£	£
Deferred benefit pension charge	11,000	20,000
Amortisation of Loan arrangement fees	17,524	24,212
Loan interest payable	492,033	485,605
	520,557	529,817

6 Surplus on ordinary activities

	2023	2022
	£	£
The operating surplus is stated after charging/(crediting):-		
Annual audit of the Association's financial statements	28,458	19,152
Fees payable to the auditor for other services to the Association:		
Taxation compliance services	-	540
Operating lease rentals – Office equipment	1,373	-
Depreciation of housing properties	987,352	978,734
Depreciation of other fixed assets	99,791	55,395
Amortisation of grant	(68,631)	(68,956)

7 Key Management Personnel

	2023	2022
	£	£
The aggregate emoluments paid to or receivable by Directors and the executive management team	253,285	398,345
The pension contributions paid to the key management personnel	12,061	13,461
The emoluments paid to the highest-paid Director excluding pension contributions	74,725	116,482

The Chief Executive is an ordinary member of the pension scheme. The pension scheme offered from May 2016 was a defined contribution scheme funded by annual contributions by the employer and employee. No enhanced or special terms apply. There are no additional pension arrangements. A contribution by EPIC of £3,173 (2022: £1,432) was paid in addition to the personal contributions of the Chief Executive.

Key Management Personnel are defined as the members of the Board and Executive Team.

Notes to the Financial Statements

8 Employee information

	2023 No.	2022 No.
The average number of persons employed during the year expressed in full time equivalents (35 hours per week) was:		
Office staff	22	18
Wardens, caretakers and cleaners	1	1
Total employees	23	19
	£	£
Staff costs		
Wages and salaries	882,095	639,903
Social security costs	86,773	62,752
Other pension costs (Defined benefit & defined contribution)	47,390	37,879
Total Employee Costs	1,016,258	740,534
	No.	No.
Aggregate number of full-time equivalent staff whose remuneration exceeded £60,000 in the year		
£60,001 to £70,000	1	1
£70,001 to £80,000	1	-
£80,001 to £90,000	-	-
£110,001 to £120,000	-	1
£120,001 to £130,000	-	-
£230,001 to £240,000	-	-

Notes to the Financial Statements

9 Tangible fixed assets

	Social Housing Properties Completed £	Social Housing Properties Not Completed £	Land £	Freehold offices £	Office Furniture and equipment £	Total £
Cost or valuation						
At 31.3.22	59,177,722	75,237	50,000	188,046	527,178	60,018,183
Revaluation	-	-	-	-	-	-
Additions						
Properties	76,305	-	-	-	65,910	142,215
Additions						
Components	671,193	-	-	-	-	671,193
Component						
Replacements	(101,734)	-	-	-	-	(101,734)
Property						
Disposals	(215,727)	-	-	-	-	(215,727)
Transfer to						
Completed	75,237	(75,237)	-	-	-	-
Disposals	-	-	-	-	(588)	(588)
At 31.3.23	59,682,996	-	50,000	188,046	592,500	60,513,542

Depreciation / impairment						
At 31.3.22	8,473,749	-	-	18,185	465,338	8,957,272
Charge for year	987,352	-	-	3,514	96,277	1,087,143
Components						
replaced	(37,811)	-	-	-	-	(37,811)
Property						
Disposals	(49,642)	-	-	-	-	(49,642)
Disposals	-	-	-	-	(588)	(588)
At 31.3.23	9,373,648	-	-	21,699	561,027	9,956,374

NBV 31.3.23 **50,309,348** - **50,000** **166,347** **31,473** **50,557,168**

NBV 31.3.22 50,703,973 75,237 50,000 169,861 61,840 51,060,911

	2023	2022
	£	£
Components capitalised	671,192	218,231
Amounts charged to expenditure	242,026	753,353

Notes to the Financial Statements

10 Fixed asset investments

	2023	2022
	£	£
At 31.3.22	1	1
Additions in the year	-	-
At 31.3.23	1	1
Net book value 31.3.23	1	1
Net book value 31.3.22	1	1

The Company owns 100% of the issued share capital of EPIC Regeneration Services Limited, a company incorporated in England and Wales. This Company has aggregate capital and reserves of £1 and has been dormant since incorporation.

Under the provision of section 371 of the Companies Act 2006 the Association is exempt from preparing consolidated accounts and has not done so. Therefore, these accounts show Information about the Association as an individual entity.

11 Trade and other debtors

	2023	2022
	£	£
Rent arrears	269,871	192,435
Less: provision for bad debts	(242,463)	(169,695)
Other debtors	75,211	113,105
Prepayments and accrued income	339,214	353,220
Total	441,833	489,065

All debtors are due within one year.

12 Cash and cash equivalents

	2023	2022
	£	£
Money market investments	13,658	13,608
Cash at bank and in hand	3,698,108	3,312,268
Total	3,711,766	3,325,876

Included in the above is £105,489 (2022:£103,134) held on trust for Leaseholders.

13 Creditors: amounts falling due within one year

	2023	2022
	£	£
Trade creditors	79,100	221,470
Deferred capital grant (Note 15)	68,631	68,956
Rents and service charges paid in advance	197,581	234,452
Service charge balances held on behalf of leaseholders	105,489	103,135
Accruals and deferred income	823,234	467,574
Loans and overdrafts	469,028	457,378
Other creditors	-	-
Total	1,743,063	1,552,965

Loans are secured by housing properties, see note 23.

Notes to the Financial Statements

14 Creditors: amounts falling due after more than one year

	2023	2022
	£	£
Deferred Capital Grant (Note 15)	6,398,471	6,499,277
Loans	17,280,598	17,750,399
Recycled Capital Grant Fund	191,559	157,418
Total	23,870,628	24,407,094

Loans are secured by housing properties, see Note 23.

15 Deferred capital grant

	2023	2022
	£	£
At 31.3.22	6,568,232	6,655,616
Grant received in the year	-	21,572
Grant transferred Re Property Disposals	(32,500)	(40,000)
Amortised in the year	(68,631)	(68,956)
At 31.3.23	6,467,101	6,568,232
Amount due to be released in less than 1 year	68,631	68,956
Amount due to be released after 1 year	6,398,470	6,499,276
Total	6,467,101	6,568,232

16 Provision For Liabilities – Social housing pension scheme

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

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 triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m (2017 – £1,522m). A Recovery Plan has been put in place with the aim of recovering this deficit by 30 September 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 financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

Notes to the Financial Statements

Fair value plan of assets , present value of defined benefit obligation and defined benefit asset/(liability)

	2023	2022
	£'000	£'000
Fair value of plan assets	2,249	3,552
Present value of defined benefit obligation	2,740	4,003
(Deficit)/surplus in plan	(491)	(451)
Unrecognised surplus	-	-
Defined benefit (liability)/asset to be recognised	(491)	(451)

Reconciliation of opening and closing balances of the defined benefit obligation

	2023	2022
	£'000	£'000
Defined benefit obligation at start of period	4,003	4,109
Current service cost	-	-
Expenses	4	4
Interest expense	111	90
Member contributions	-	-
Actuarial losses (gains) due to scheme experience	183	272
Actuarial losses (gains) due to changes in demographic assumptions	(5)	(58)
Actuarial losses (gains) due to changes in financial assumptions	(1,536)	(360)
Benefits paid and expenses	(20)	(54)
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	2,740	4,003

Reconciliation of opening and closing balances of the fair value of plan assets

	2023	2022
	£'000	£'000
Fair value of plan assets at start of period	3,552	3,143
Interest income	100	70
Experience on plan assets (excluding amounts included in interest income) – gain (loss)	(1,498)	305
Employer contributions	115	88
Member contributions	-	-
Benefits paid and expenses	(20)	(54)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Exchange rate changes	-	-
Fair value of plan assets at end of period	2,249	3,552

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2022 to 31 March 2023 was £1,398,000.

Notes to the Financial Statements

Defined benefit costs recognised in the statement of comprehensive income (SOCi)

	2023 £'000	2022 £'000
Current service cost	-	-
Expenses	4	4
Net Interest expense	11	20
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)	15	24

Defined benefit costs recognised in other comprehensive income (SOCi)

	2023 £'000	2022 £'000
Experience on plan assets (excluding amounts included in net interest cost) – gain (loss)	(1,498)	305
Experience gains and losses arising on the plan liabilities – gain (loss)	(183)	(272)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation – gain (loss)	5	58
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation – gain (loss)	1,536	360
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) – gain (loss)	(140)	451
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)	(140)	451

Notes to the Financial Statements

Assets

	2023	2022
	£'000	£'000
Global Equity	42	682
Absolute Return	24	143
Distressed Opportunities	68	127
Credit Relative Value	85	118
Alternative Risk Premia	4	117
Fund of Hedge Funds	-	-
Emerging Markets Debt	12	103
Risk Sharing	166	117
Insurance-Linked Securities	57	83
Property	97	96
Infrastructure	257	253
Private Debt	100	91
Opportunistic Illiquid Credit	96	119
High Yield	8	31
Opportunistic Credit	-	13
Cash	16	12
Corporate Bond Fund	-	237
Liquid Credit	-	-
Long Lease Property	68	91
Secured Income	103	132
Liability Driven Investment	1,036	991
Net Current Assets	6	10
Currency Hedging	4	(14)
Total assets	2,249	3,552

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

Key Assumptions

	2023	2022
	% per annum	% per annum
Discount Rate	4.83%	2.78%
Inflation (RPI)	3.16%	3.47%
Inflation (CPI)	2.81%	3.14%
Salary Growth	3.81%	4.14%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

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

	2023	2022
	Life expectancy at age 65	Life expectancy at age 65
	Years	Years
Male retiring in 2023	21.0	21.1
Female retiring in 2023	23.4	23.7
Male retiring in 2043	22.2	22.4
Female retiring in 2043	24.9	25.2

Notes to the Financial Statements

17 Capital commitments

The table below shows the financial implications and sources of funding to deliver the signed contracts with Homes England.

	2023 £	2022 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	335,000	10,773,433
Capital expenditure that has been authorised by the Board but has not yet been contracted for	-	-
Capital commitment	335,000	10,773,433

EPIC expects these commitments to be financed with:

Triodos loan facilities	-	10,300,000
Social housing grant (in line with spend)	-	-
Internally generated resources (revenue reserve)	335,000	473,433
Total	335,000	10,773,433

18 Contingent liability

If EPIC were to withdraw from all forms of the Social Housing Pension Scheme it has been calculated that our debt on withdrawal as at 30th September 2021 would be £2,839,599. We have no plans to exit from the scheme at the present time.

19 Grant and financial assistance

	2023 £	2022 £
Total accumulated SHG received or receivable at 31 March:		
Held as deferred capital grant	6,863,114	6,895,614
Total	6,863,114	6,895,614

20 Related parties

The Board, as at March 2023, has no Tenant Board members. As at March 2022 there was a Tenant Board member and the rent charged to the Tenant Board member to March 2022 was £3,298. There was a balance owing on the account as at March 2022 of £353.20.

21 Surplus on disposal

Two houses and three flats have been sold in the current financial year under the Right to Acquire (RTA) and Right to Buy (RTB).

	2023 £	2022 £
Sale Proceeds	336,000	400,000
Less:		
Associated selling fees	(2,671)	(3,738)
Write off cost (NBV)	(183,886)	(291,959)
Surplus on disposal	149,443	104,303

Notes to the Financial Statements

22 Recycled capital grant fund

	2023	2022
		£
Opening balance of fund	157,418	91,885
Inputs/Withdrawals	32,500	65,000
Interest Accrued	1,642	533
At 31.3.23	191,560	157,418

23 Loans

At the financial year end, EPIC had drawn down a total of £19.3m. The loans are secured against EPIC Housing's stock, over a 25-year term, and are on a fixed-interest basis.

	2023	2022
	£	£
Maturity of debt		
In less than one year	469,028	457,378
In more than one year but less than two years	483,010	469,027
In more than two years but less than five years	1,595,040	1,685,975
In greater than five years	15,202,547	15,595,397
Total	17,749,625	18,207,777

24 Interest rate risk and exposure

As at 31st March 2022 the following amounts were drawn down and had been fixed on 20th March 2020:

Facility 1 – £4,533,576.98 – 2.553% – Fixed until 20/03/2030

Facility 2 – £3,821,496.49 – 2.653% – Fixed until 20/03/2030

The additional drawdown of £10.3m in April 2021 was also fixed for a period of 10 years:

Facility 3 – £5,000,000 – 2.779% – Fixed until 21/04/2031

Facility 4 – £5,300,000 – 2.879% – Fixed until 21/04/2031 (Interest only until April 2026)

EPIC Treasury Management & Investment Policy sets out that when looking at any aspect of interest rate exposure, it is important to remember that overall interest rate risk management is about reducing risk and increasing certainty. It is not about best guessing or predicting the way interest rates will move.

Any sensitivity analysis will be applied to all variable-rate borrowing and to any fixed-term borrowing after its maturity date, using market forecast rates.

The Board must approve the use of hedging instruments subject to the Rules of the Association and the regulators guidelines/approval. In such cases a hedging strategy must be prepared and appended to the Treasury Management & Investment Policy, which must state the type of instruments to be used, the value limits, the counterparties involved and the periods for which they will be in place.

25 Post balance sheet events

There are no Post Balance Sheet Events of any significance to report.

EMPOWERING PEOPLE INSPIRING COMMUNITIES LIMITED

England & Wales - Charity number 1118644

Accounts



Empowering People Inspiring Communities Limited

Financial statements

For the year ended 31 March 2022

Charity Number: 1118644

Company Number: 3333405

Regulator of Social Housing Number: L4167

Contents

Page	
3	Chair's Foreword
4	Board Members, Executive Officers, Company Information
6	Report of the Board
10	Strategic Report
17	Independent Auditor's Report
21	Statement of Comprehensive Income
22	Statement of Financial Position
23	Statement of Changes in Reserves
24	Statement of Cash Flows
25	Notes to the Financial Statements

Chair's Foreword

The 2021/ 2022 has been a year of significant change for EPIC, having commenced the year with the acquisition of 169 properties and being placed on the Regulator of Social Housing ("RSH") grading under review listing, which culminated in a regulatory down grade and notice. The Board has seen resignations early in the year and has proactively engaged with the RSH to advise and implement a plan to improve governance and rectify the breach of the Homes Standard. The safety of tenants is paramount for the board and I along with fellow Board Members have worked to keep this front and centre, in time of economic turmoil with inflation rising and supply chain challenges.

The departure of our Senior leadership team in the first six months of the year left acute capacity challenges and we worked with our governance recovery advisers to appoint an interim CEO and strengthen the capacity of the Board.

We co-opted four highly skilled board members to increase our expertise and to support our Governance Recovery and Improvement Plan (GRIP). Having determined a recovery plan, we set up a working group to have oversight of our progression. During the year we collapsed our Operations Committee and Audit Committee to enable the whole Board to focus on all core business, with the support of the Recovery Working Group. As part of our governance improvement plan, we will review our structures and approaches, which will be implemented within next financial year.

The refreshed and strengthened Board has undertaken a fundamental strategic review to determine EPIC's future strategy and delivery model having regard to the VFM.

This period of fundamental strategic review was supported by an interim Executive Team and involved two off site planning days. This process culminated in the adoption of a new vision: to be a good landlord,

Four strategic objectives were established:

- **SERVICES** - providing inclusive and accessible services meeting local and regulatory standards
- **ASSET MANAGEMENT** - providing good quality & safe homes
- **PEOPLE** - valuing & investing in our people to deliver desired outcomes
- **GOVERNANCE** - operating as a well governed financially viable organisation and ensuring our services meet the required standards

As a result of the fundamental strategic review a 3 year Corporate Plan from 2022 to 2025 was established and adopted. The Corporate Plan and related budget increase our investment in staffing, our properties, enabling us to provide services to meet the upcoming changes in the Consumer Standards as well as our existing commitments within the Economic Standards.

We have navigated these challenges along with the shared challenges facing others such as Covid-19 and we have maintained our service to tenants due to the dedication and commitment of our staff, who have put tenants first and been flexible to deliver.

Stephen Funnell

Chair

Board Members, Executive Officers, Company Information

Board Members		Date Joined/ Resigned	Other Committee Membership	Board Meeting Attendance		
				Attended No.	Total No.	% attendance
S Funnell	Chair	Apr 17	ARC & OC	10	10	100%
P Lunio	Vice Chair	Sep 17	OC	9	10	90%
A Fury		Sep 12/ Jun21	ARC (Chair)	N/A	N/A	N/A
A Stone		Jun 16/ Sep 21	OC	N/A	N/A	N/A
V Robb		Sep 18/ Jun 21	-	N/A	N/A	N/A
L Dulson		Sep 19/ Jun21	-	N/A	N/A	N/A
A Milroy		Oct 18	OC (Chair)	8	10	80%
J Powell	TM	Nov 20	OC	2	10	20%
R Emery	LA	May 20	OC	9	10	90%
P Turner	Co-opted	Sep 17/May 21	-	N/A	N/A	N/A
R Kent		Mar 20	ARC	7	70	100%
N Leggett		Mar 20	ARC	5	10	50%
R Challinor	Co-opted	Oct 21		5	6	83%
A Jhavar	Co-opted	Nov 21		4	6	67%
D Newmarch	Co-opted	Oct 21		5	6	83%
C Small	Co-opted	Nov 21		5	6	83%

Key:

TM Tenant Member

LA Local Authority Member

OC Operations Committee - Suspended 2021 to present

ARC Audit and Risk Committee - Suspended 2021 to present

Board Members, Executive Officers, Company Information

Executive Officers		
Chief Executive	L Gibbs	Appointed 01.04.98
Finance Director	R Fullwood	Appointed 22.08.16
Finance Director	S Kellock	Appointed 14.06.21
Interim Chief Executive	S Kellock	Appointed 15.06.21
Operations Director	J Plant	Appointed 29.07.19
Interim Finance Director	D Glass	Appointed 01.06.21
Interim CEO – Consultant	R Rance	Appointed 07.10.21
Interim Housing Director – Consultant	L Clayton	Appointed 02.11.21
Interim Asset Director – Consultant	J Cannon	Appointed 02.11.21
Interim Asset Director – Consultant	J Mitchell	Appointed 09.02.21
Changes		
Chief Executive	L Gibbs	Resigned 30.6.21
Finance Director	R Fullwood	Resigned 31.5.21
Operations Director	J Plant	Resigned 26.11.21
Interim Chief Executive/ Finance Director	S Kellock	Passed away 23.9.21
Interim Asset Director – Consultant	J Cannon	Resigned 10.02.22

Company Information

Registered Office	131-141 Ubberley Road, Bentilee, Stoke on Trent, Staffordshire, ST2 0EF
Company Secretary	D Glass appointed 26.07.22 formerly R Rance, S Kellock and prior to that L Gibbs
Company No.	3333405
Charity No.	1118644
Regulator of Social Housing Registration No.	L4167
Auditor	Beever and Struthers, St. George's House, 215-219 Chester Road, Manchester, M15 4JE
Bank	The Co-operative Bank plc, Birmingham Commercial Banking Centre, 118-120 Colmore Row, Birmingham, B3 3BA
Key lender	Triodos Bank, Deanery Road, Bristol, BS1 5AS

Report of the Board

The Board presents its report and the audited financial statements for the year ended 31 March 2022.

Principal activities

Empowering People Inspiring Communities (EPIC) is a charitable registered provider of social housing and is administered by a Board of 11 members. We are a community-based housing association managing 1,389 homes predominantly in the Bentilee area of Stoke-on-Trent. The vast majority of our homes are for general social housing residents, but we also have 20 leasehold properties. Full details of the stock and tenure is shown in Notes 3 and 4 of these financial statements.

During the year EPIC acquired 169 properties from Bromford Housing. The stock came into our ownership in May 2021. These properties, located in Stoke on Trent, provide further tenure diversification through acquiring, shared ownership and supported accommodation.

Board and governance

EPIC is governed by a Board who provide their time and commitment on a voluntary non-remunerated basis. The Board currently comprises of 11 members; an independent Chair, a further 4 independent members, a tenant member, a local authority member in addition there are currently 4 co-opted members. The Board members who served during the period are shown on page 4.

Our Executive Officers are listed on page 4, they are not members of the Board. They act as an executive within the authority delegated to them by the Board, as set out in the Rules and Standing Orders. The remuneration of the Executive team, along with details of the highest paid officer, is detailed in Note 7 of these financial statements.

The Board has ultimate responsibility for the governance of the Company. The Board's central role is to direct the organisation's work, that is to determine strategic direction and policies. The Board agrees policies and make decisions on all matters that might create significant financial or other risk to the Company; or which raise material issues of principle. Management, that is the implementation of Board policies, is delegated to the paid staff.

Committee structure

The two former formal Committees: Operations Committee and Audit and Risk Committee – were suspended early in the year and a new governance structure will be determined as part of the governance review and implemented in 2022/23.

In October a Recovery Working Group was appointed to oversee the delivery of the Governance Recovery & improvement Plan (GRIP).

Meetings during the year ended 31 March 2022

Board	10
Recovery Working Group	4

In addition to the Board meetings outlined above there were 2 full days dedicated to conducting a fundamental strategic review of EPIC and its objectives and financial viability.

Report of the Board

Appointment of Board members

Board members are appointed in a formal process and are formally appointed at the Annual General Meeting.

Board skills, quality & experience

Board members should collectively possess the qualities and skills to take decisions and monitor performance. Collectively the Board needs to bring experience and understanding of a broad range of topics including, but not limited to, finance, development, residents' issues and local housing need.

Board Code of Conduct

Board members have an obligation to ensure that their private or personal interests do not influence their decisions or compromise their ability to always act in the best interests of EPIC and those who it seeks to serve. They must not use their position to obtain personal gain of any sort.

Regulatory Judgement/ Regulatory Notice

During the year 2020/21 circumstances arose that resulted in a post year end referral to the Regulator of Social Housing where upon EPIC was placed upon the Grading Under review listing.

The final outcome of this review was published in late August 2021 and concluded the following Regulatory Judgement and Regulatory Notice:

- **Regulatory Judgement**

Governance G3 (non-compliant) - This judgement downgrades EPIC's governance to a non-compliant G3 grade. This means that there are issues of serious regulatory concern but that the provider is working with us to address them.

The Regulator concluded, that they lack assurance that EPIC's governance arrangements are effective and that the Board has been unable to demonstrate that it is managing its affairs with an appropriate degree of skill, independence, diligence, effectiveness, prudence and foresight.

Viability V2 (compliant) - The Regulator's assessment of EPIC's compliance with the financial viability element of the Governance and Financial Viability standard is that it has the financial capacity to deal with a reasonable range of adverse scenarios but needs to manage material risks to ensure continued compliance. The rating in this area is V2 (compliant).

Regulatory Notice

At the same time as the judgement above, the Regulator has published a regulatory notice stating that EPIC's ineffective management of statutory health and safety compliance has breached the requirements of the Home Standard.

EPIC's Board places the Health and safety of its tenants at the forefront of its operations and is working with the Regulator to ensure the matters raised are dealt with and resolved in a timely manner.

Prior to the regulatory intervention EPIC had a 3 person Executive Team, The Chief Executive Officer (CEO), Finance Director (FD) and Operations Director (OD). The Finance Director had informed the Board prior to the regulatory issues being identified and Regularity Notice being issued that they had secured alternative employment. Prior to the Regulatory Notice being issued

Report of the Board

the CEO, left the business, the newly recruited Finance Director was appointed as the Interim CEO. Sadly on 23rd of September the Interim CEO unexpectedly passed away. This left 1 remaining Executive Team member, in conjunction to the Finance Team Leader who had been appointed as the interim FD. The Board acted decisively, and a new Interim CEO was appointed on 7th October, on a consultancy basis. The OD left the business in November. An Interim Housing Director, and Interim Asset Director were also recruited on a consultancy basis to further bolster the Executive Team. The Interim Executive Team brought a wealth of diverse experience, including working with organisations that were under regulatory scrutiny.

The Board and Executive Team have been working closely with the Regulator supported by a Team from Savills, and have developed a Governance Recovery & Improvement Plan. The plan focuses on all the areas of weakness identified in the Regulatory Judgement and Notice, with a focus on a comprehensive strategic review, Board recruitment and engagement, and full review of all governance whilst ensuring that the immediate health and safety issues identified are prioritised and addressed.

Internal controls assurance

The Board acknowledges its responsibility for the system of internal controls and for reviewing its effectiveness mindful of the objectives of, and risks facing EPIC.

The Board confirmed that there are ongoing processes for maintaining sound systems of internal controls and for managing risk. These processes have been operational during the year and were regularly reviewed by the relevant working groups and the Board.

Resulting from consideration of the Regulator's placing of EPIC on the grading under review listing the Board agreed that for an interim period that all sub-committees be suspended to allow all business to be reviewed directly by the Board and the Recovery Working Group.

Donations

No donations were made during the year Nil (2021: £nil).

Directors' insurance

EPIC's Board members and officers have personal liability insurance through the organisation's company insurance. Cover was in place throughout the year and no claims were made.

Provision of information to the Auditor

The members of the Board who were in the meeting on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the members of the Board have confirmed that they have taken all the steps that they ought to have taken as members of the Board in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Independent Auditor

Beever and Struthers were re-appointed as auditor at the Board Meeting on 1st September 2021. They have confirmed their willingness to continue in office.

Report of the Board

Approval

The report of the Board was approved by the Board on 6 September 2022 and signed on its behalf by:



Daniel Glass
Company Secretary

Strategic Report

What we do

EPIC were formed in 1998 following a stock transfer from Stoke-on-Trent City Council. Our vision is to be a good landlord. We offer houses, flats and bungalows for rent. We also offer a number of houses through our Rent to Buy scheme, where tenants can purchase their home, after a 5-year tenancy at a discounted rent. We acquired 4 shared ownership properties from Bromford, and 1 has since bought the remaining share. We work closely with three local authorities and a range of other partners to ensure our housing helps meet the needs of local people.

In our first years of operation, we concentrated on bringing our flats into good condition and improving their management and maintenance. In 2000 we began to expand our offering, purchasing houses in the Bentilee area. Now over a quarter of our stock is made up of family-sized houses. We have a strong commitment to our local communities, and from 2005 we worked to develop the Bentilee area. 2010 onwards saw EPIC continue to grow, buying existing properties in Stoke-on-Trent, Newcastle-under-Lyme, and Staffordshire Moorlands, and bringing them up to modern standards. Our latest growth has been in 2021 with the 169 additional units purchased from Bromford in May 2022, bringing our current housing stock to around 1,400 dwellings across North Staffordshire.

Vision, Mission, Objectives and Beliefs

Our Vision

To be a good landlord.

Our Strategic Objectives

The Corporate Plan and strategy sets out EPIC's clear purpose, to be a good landlord and our strategic objectives of:-

- **SERVICES** - providing inclusive and accessible services meeting local and regulatory standards
- **ASSET MANAGEMENT** - providing good quality & safe homes
- **PEOPLE** - valuing & investing in our people to deliver desired outcomes
- **GOVERNANCE** - operating as a well governed financially viable organisation and ensuring our services meet the required standards

Our Mission

Working to as a good landlord by:

- Providing quality housing services
- Providing homes that are building safety compliant
- Providing an effective responsive repair service
- Providing a service developed with and influenced by our tenants
- Responding to our tenants needs and feedback
- Working in partnership with local landlords and community service providers

What We Believe

As a charity our values are intrinsic to how we go about doing business. We need to generate surpluses in order to deliver our services and key objectives, but to do this we make sure we act in line with our charitable ethos:

Strategic Report

- **Fairness:** We treat people equally and make decisions based on facts not personal opinions.
- **Respect:** We treat people with respect, and act with courtesy.
- **Understanding:** We are empathetic, approachable and act professionally.
- **Integrity:** We are honest, dependable and do what we say we will.
- **Teamwork:** We work with our customers to ensure we deliver high quality services. We believe that using our combined strengths makes us a better organisation.
- **Excellence:** We take pride in what we do, help others, are precise and accurate and strive to improve services.

Regulatory Downgrading

Governance weaknesses compounded by a series of simultaneous material events (fire safety and stock acquisition) has resulted in a regulatory referral in June 2021. This regulatory referral was not unexpected as processes had already highlighted areas of concern.

The resulting Regulatory Judgement was published in late August 2021 stating a downgrade from G1V1 (compliant) to G3 (non-compliant) V2 (compliant). In addition a Regulatory Notice was published stating that EPIC's ineffective management of statutory health and safety compliance has breached the requirements of the Home Standard.

Tenants' safety is EPIC's paramount concern and swift action has been taken to begin to resolve the weaknesses identified. EPIC acknowledges that these outcomes indicate that there are issues of serious regulatory concern and is working with the Regulator to address them.

The Board and Executive have worked closely with the Regulator to develop and implement a robust Governance Recovery Improvement Plan. The progress to date has been in line with the plan, driven by the Board, Recovery Working Group and Executive and regular reports and updates have been provided to the Regulator and funders.

Strategic Report

Value for Money

The Regulator of Social Housing Value for Money Standard and Code requires providers to report in their statutory accounts against the metrics defined by the Regulator. These metrics are defined in the 'Value for Money Metrics' document issued by the Regulator.

The table below details EPIC's performance against both the Value for Money Metrics as well as the Sector Scorecard indicators.

Value for Money Metrics			
	2020/21	2021/22	Sector Median (all) 2021
Reinvestment % <i>This metric looks at investment in properties including existing stock and new stock. This is calculated as a percentage of value of total properties.</i>	5.6%	24.0%	5.8%
New supply delivered (social housing) as a % of total stock <i>This sets out the number of new social housing units that have been acquired or developed in the year as a proportion of total units.</i>	0.9%	12.2%	1.3%
New supply delivered (Non social housing) as a % of total stock <i>This sets out the number of new Non social housing units that have been acquired or developed in the year as a proportion of total units.</i>	N/A	N/A	N/A
Gearing % <i>This shows the proportion of our borrowing compared to our assets. A high gearing could indicate that we have taken on too much borrowing however low gearing could indicate that we have capacity to borrow more.</i>	14.9%	29.3%	43.9%
EBITDA – MRI (Interest Cover) <i>This shows how much cash the organisation is generating compared to interest payments. Any result above 100% means that we are generating surplus cash over and above interest payments</i>	772.9%	337.3%	183.0%
Headline social housing cost per unit (£) <i>The unit cost metric assesses the headline social housing cost per unit as defined by the Regulator of Social Housing</i>	2,342	2,626	3,730
Operating Margin % Social Housing <i>This is an indicator of operating efficiency and business health as it measures the amount of surplus generated from turnover on our day to day activities</i>	33.4%	18.1%	26.3%
Operating Margin % Overall <i>This is an indicator of operating efficiency and business health as it measures the amount of surplus generated from turnover on our day to day activities</i>	32.9%	17.8%	23.9%
Return on capital employed (ROCE) % <i>This metric compares the operating surplus to total assets less current liabilities and assesses the efficient investment of capital resources</i>	3.6%	2.0%	3.3%

Overall, our performance is strong in most areas and where performance is below target we understand why this is. Due to the purchase of the 169 units from Bromford our reinvestment level is considerably ahead of the sector median. Our Operating Margin (overall), Operating Margin (social housing lettings), ROCE have seen a reduction. This is mainly as a result of the increased costs in the last 12 months related to the fire improvement works, delivering the Governance Regulatory Improvement Plan (GRIP), the need for Interim Executives, along with increased depreciation associated with the Bromford acquisition. The EBITDA MRI interest cover measure is a key indicator for liquidity and investment capacity and our score is favourable compared to the sector median. Whilst the level of gearing has increased as a result of the drawdown and additional funding for the Bromford acquisition it remains considerably below the sector median. Our Headline Social Housing cost per unit has increased by over 10% as a result

Strategic Report

of the investment to make the required improvements to our homes, but is favourable to the sector median.

	2020/21	2021/22
Voids <i>This measure illustrates the % rent lost through empty (void) stock %</i>	0.91	1.49
Management cost per unit <i>This metric shows the cost per unit incurred in managing our properties £</i>	1,270	1,460
Service charge cost per unit <i>This metric shows the service charge cost per unit £</i>	107	103
Maintenance cost per unit <i>This metric shows the average maintenance cost per unit</i>	482	892
Rent Arrears <i>This shows how % of rent arrears compared to rent charged %</i>	2.11	3.59
Rent Receivable <i>This shows how effective we are at collecting rents due %</i>	98.8	97.6%

Financial review

The Statement of Comprehensive Income for the year ended 31 March 2022 and the Statement of Financial Position at 31 March 2022 are shown on pages 21 and 22. The key financial highlights for EPIC are as follows:

- The total comprehensive income for the year of £989,104 represents 61% increase from the 2021 result of £613,145. This is significantly impacted by a positive swing in the actuarial valuation of the pension scheme deficit, bearing a surplus in 2022, as opposed to a deficit that was identified in 2021.
- The surplus for the year before pension adjustments reflects a fall from £1,258,050 in 2021 to £538,668 in 2022, a reduction of £719,382 that equates to a 57% fall. Note 2 Illustrates the movement in key operating areas.
- The key areas where costs have increased are;
 - Management £443k, this is as a result of the costs associated with honouring the contractual obligations in respect of previous Executives, securing an Interim Executive Team, and costs associated with delivering the Governance and Recovery Improvement Plan agreed with the Regulator.
 - Major repairs £598k, this incorporates the interim fire improvement measures, including the installation of integrated alarms and waking watch to support a simultaneous evacuation policy in the blocks identified as requiring improvements.
 - Depreciation charges have increased by £221k, as a result of the acquisition of the 169 units acquired from Bromford.
 - Financing costs have increased by £238k as a result of drawing down the remaining £10.3m of loan facility that was utilised to fund the purchase of units from Bromford, and is detailed in note 5.
- Turnover of £5,422,580, versus £4,657,118 in 2021 represents a net increase of £765,462, which equates to 16%. This is as a result of the combination of the additional income from the Bromford stock acquired, the stock acquired in 2020-21 coming in, and the rent increase. This is despite an increase in void losses from £41,751 in 2021 to £80,945 in 2022. The increase in void rent loss is as a direct result of a Board and Management decision not to let void properties in the blocks requiring the fire improvement works until the interim measures were in place.

Strategic Report

- Based on the statement of comprehensive income the operating surplus for the year of £1,068,900 equates to 19.7% of turnover, compared to 33.2% in 2021 when the operating surplus was £1,549,629. The decrease in operating margin is primarily, as a result of the additional costs and void losses outlined above.
- Interest and financing costs for the year to 31 March 2022 of £529,817 versus £291,626 in 2021 represents an increase of £238,191. This was mainly due to the interest associated drawdown of the £10.3m in 2022.
- The Statement of Financial Position shows an overall increase of £1m, from £27.5m to £28.5m. The main movements are outlined below;
 - Assets increased by £10.9m predominantly as a result of the Bromford acquisition, net of the associated depreciation in the year.
 - Trade debtors reduced by £1.3m mainly as a result of the prepayment for the Bromford acquisition, transferring to acquisitions that was paid prior to year end 2021.
 - The year-end cash and short term investment position increased by £864k from £2.462m to £3.326m, as a result of the trading results and the drawdown of the loan facilities.
 - The amount related to creditors over 1 year increased by £9.7m, mainly as a result of the drawdown of £10.3m, net of capital repayments, and the increase in the amounts less than 1 year associated with the loan.
 - The Provision for the pension deficit has reduced, as a result of the latest actuarial valuation, with a reduction of £515k.
 - The surplus of £989k related to the trading results in 2021-22.

Funding and Treasury

In relation to funding and Treasury activity, our sole lender is Triodos. Our principal bank providing day to day transactional support is the Co-operative Bank PLC. As at 31st March 2021, arranged facilities were £19.3m of which £9m had been drawn down. The additional £10.3m was drawn in May 2021 to part fund the purchase of 169 properties from Bromford Housing. All the total debt drawn is at fixed interest rates until 2031.

Following the Regulatory downgrade we have worked closely with our funders, ensuring that they are fully informed of our recovery plans, the progress that we are making against these and the interactions we are having with the Regulator.

We fully complied with the 2 key loan covenants, and as at 31st March 2022 Interest Cover was 321% against a minimum 110% and Asset Cover was 137% versus a minimum of 125%.

Whilst the long term financial plan shows that we do not require any additional funding at the year-end there were 495 units of unencumbered units of stock, subject to satisfactory gearing and interest cover providing approximate security head room of MV-STT of £23m.

Treasury activities are controlled and monitored by the Board and are executed by the Finance Director. EPIC's financial instruments comprise borrowings, cash and liquid resources, and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to finance operations.

Strategic Report

Future plans, risks and uncertainties

- The Board completed a comprehensive strategic review during 2021 and have reset the strategy. The focus is on delivering the Governance Recovery and Improvement Plan that has been agreed with the Regulator.
- The operational priority is to ensure full compliance with consumer standards and, importantly, safeguarding the health and safety of our tenants. This was highlighted as a key concern by the Regulator and extensive work is being undertaken in the identified properties, namely 43 blocks that contain six flats. Tenants affected are fully aware of the current circumstances and are being kept up to date of matters. The intermediate Fire safety remediation actions have all been completed by March 2022. The next phase of the works is, replacing front doors and windows in communal areas and addressing the compartmentation issues. A Framework agreement has been used to “tender” this work, and we are currently in the process of appointing a contractor. Indications are that the budget provision of £1.62m (including some contingency), split evenly over 2022-23 and 2023-24, will be sufficient to complete these works. The extensive financial modelling that has been undertaken shows that we have the liquidity to complete the works and remain covenant compliant. There are always risks associated with such projects, including outliers where more work may be required in certain blocks, and the timing of delivery, (planned for the next 12-14 months) due to pressures on the supply chain.
- Events identified in the Regulatory referral section above have identified significant governance weaknesses at both Board and Executive level. These have been addressed as a matter of urgency, with recruitment of new Board Members and Executive Team and on-going support has been sourced externally.
- The above business critical matters are currently taking precedence. Comprehensive financial modelling and stress testing was conducted to ascertain EPIC’s viability, and included a range of potential adverse scenarios. Notwithstanding this, the following are also being actively monitored, to enable us to deploy established mitigations:
 - Potential for higher than anticipated costs, due to inflation in the economy;
 - Potential for lower than forecast rent receivable, due to the cost of living crisis or potential government action on future rents; and
 - consideration of net zero carbon by 2050.

The Governance and Financial Viability Standard

Based on the evidence supporting the Regulatory referral, grading under review listing and the subsequent re-grading to G3 V2, together with the Regulatory Notice indicating a breach in Home standard, the Board cannot confirm full compliance with the Governance and Financial Viability Standard issued by the Regulator of Social Housing.

Full details of areas non-compliance and other information can be found on Page 7. Further details on the RSH’s regulatory approach and EPIC’s regulatory judgement can be found at <https://www.gov.uk/government/publications/regulatory-judgements-and-regulatory-notices>

Whilst we are diligently working to deliver the GRIP, the journey to compliance will only be fully complete and signed off by the Regulator following the successful completion of a grading review and attainment of a G2 rating. It is envisaged that we will apply for a grading review later in 2022/23.

Strategic Report

National Housing Federation Code of Governance

The Board has adopted the National Housing Federation's "Code of governance: Promoting board excellence for housing associations (2015 edition)" at the meeting on the 25th January 2022. The Board will be considering the update in respect to compliance with the 2015 code at the meeting on 19th July 2022, prior to the agenda item regarding the Statutory Accounts.

Statement of Board members' responsibilities

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

Registered Provider legislation requires the Board to prepare financial statements for each financial year. Under that legislation the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Housing Association legislation the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with Housing Association legislation. They are 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board on 6th of September 2022 and signed on its behalf by:



Daniel Glass
Company Secretary

Independent Auditor's Opinion

Opinion

We have audited the financial statements of Empowering People Inspiring Communities Limited (the 'company') for the year ended 31 March 2022 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the statement of Changes in Reserves, the 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 company's affairs as at 31 March 2022 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

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 company 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 Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company'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.

Independent Auditor's Opinion

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 is responsible for the other information. 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.

In connection with our audit of the 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Board's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Board's report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Board's report.

We have nothing to report in respect of the following matters in relation to which Companies Act 2006 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Independent Auditor's Opinion

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion a satisfactory system of control over transactions has not been maintained

Responsibilities of the Board

As explained more fully in the Board's Responsibilities Statement set out on page 12/13, 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 company'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 company or to cease operations, or have no realistic alternative but to do so

Auditor's responsibilities for the audit of the financial statements

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

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

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

Independent Auditor's Opinion

- We obtained an understanding of laws and regulations that affect the company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Companies Act, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud.
- We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing, recognising the nature of the company's activities and the regulated nature of the company's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.
- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Empowering People Inspiring Communities Limited
Financial Statements for the year ended 31 March 2022



Independent Auditor's Opinion

Use of the audit report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.

A handwritten signature in black ink, appearing to read 'Sue Hutchinson', is written over a light blue rectangular background.

Sue Hutchinson (Partner and Head of Charities)
For and on behalf of
Beever and Struthers
Statutory Auditor
St George's House
215/219 Chester Road
Manchester
M15 4JE

Date: 28 September 2022

Statement of Comprehensive Income

		Year Ended 31 March 2022 £	Year Ended 31 March 2021 £
	Note		
Turnover	1,2	5,422,580	4,657,118
Operating costs	2	(4,457,983)	(3,125,189)
Gain on disposal of property, plant and equipment	21	104,303	17,700
Operating surplus		1,068,900	1,549,629
Interest receivable		(415)	47
Interest and financing costs	5	(529,817)	(291,626)
Surplus before taxation		538,668	1,258,050
Taxation		-	-
Surplus for the year after taxation		538,668	1,258,050
Other comprehensive income			
Actuarial gain/(loss) in respect of pension scheme	16	450,436	(644,906)
Total comprehensive income for the year		989,104	613,144

The results relate wholly to continuing activities and the notes on pages 25 to 43 form an integral part of these accounts.

Statement of Financial Position

	Note	As At 31 March 2022 £	As At 31 March 2021 £
Fixed assets			
Tangible fixed assets	9	51,060,911	40,152,279
Investments in subsidiary	10	1	1
		51,060,912	40,152,280
Current assets			
Trade and other debtors	11	489,065	1,772,594
Investments	12	13,608	13,601
Cash and cash equivalents	12	3,312,268	2,448,846
		3,814,941	4,235,041
Less: Creditors: amounts falling due within one year	13	(1,552,965)	(1,197,511)
Net current assets		2,261,976	3,037,530
Total assets less current liabilities		53,322,888	43,189,810
Creditors; amounts falling due after more than one year	14	(24,407,094)	(14,747,120)
Provisions for liabilities			
Pension – defined benefit liability	16	(451,000)	(966,000)
Total net assets		28,464,794	27,476,690
Reserves			
Revaluation reserve		9,426,346	9,703,346
Revenue reserve		19,038,448	17,773,344
Total Reserves		28,464,794	27,476,690

Company registration number 3333405.

The financial statements on pages 25 to 43, were approved and authorised for issue by the Board on 6 September 2022 and were signed on its behalf by:



S Funnell - Chair



D Glass – Company Secretary

Statement of Changes in Reserves

	Revenue Reserve £	Revaluation Reserve £	Total £
Balance at 31 March 2020	17,003,200	9,825,099	26,828,299
Surplus 2020/21	613,144	-	613,144
Right to Acquire Property Disposals (Reversal of Revaluation)	-	35,247	35,247
Transfer between reserves (excess depreciation)	157,000	(157,000)	-
Balance at 31 March 2021	17,773,344	9,703,346	27,476,690
Surplus 2021/22	989,104	-	989,104
Right to Acquire Property Disposals (Reversal of Revaluation)	-	(1,000)	(1,000)
Transfer between reserves (excess depreciation)	276,000	(276,000)	-
Balance at 31 March 2022	19,038,448	9,426,346	28,464,794

Statement of Cash Flows

	Note	Year ended 31 March 2022 £	Year ended 31 March 2021 £
Net cash generated from operating activities (see below)		3,361,292	1,085,378
Cash flow from investing activities			
Purchase of tangible fixed assets		(12,242,440)	(2,229,216)
Proceeds from sale fixed assets		400,000	90,710
Grants received		21,572	618,897
Interest received		118	47
Cash flow from investing activities		(11,820,750)	(1,519,562)
Cash flow from financing activities			
Interest paid		(529,817)	(291,626)
New secured loans		10,300,000	0
Repayment of borrowing		(447,296)	(279,444)
Subtotal		9,322,887	(571,070)
Net change in cash and cash equivalents		863,429	(1,005,254)
Cash and cash equivalents at beginning of the year		2,462,447	3,467,701
Cash and cash equivalents at end of the year	12	3,325,876	2,462,447
Cash flow from operating activities			
Surplus before taxation		538,668	1,258,051
Adjustments for non-cash items:			
Depreciation of tangible fixed assets		1,065,851	843,269
Movement in bad debt provision		71,289	27,966
Movement in trade and other debtors		1,212,240	(1,309,908)
Movement in trade and other creditors		204,574	144,808
Pension costs less contributions payable		(84,564)	(82,906)
Adjustments for investing or financing activities:			
Surplus from the sale of tangible fixed assets		(108,041)	(18,341)
Government grants utilised in the year		(68,956)	(69,140)
Interest payable		529,816	291,626
Interest received		415	(47)
Net cash generated from operating activities		3,361,292	1,085,378

Reconciliation of Net Debt	At the Beginning of the Year £	Cashflows £	At the End of the Year £
Cash and Cash Equivalents	2,462,447	863,429	3,325,876
Housing Loans Due in 1 Year	(286,315)	(171,062)	(457,377)
Housing Loans Due After 1 Year	(8,068,759)	(9,681,640)	(17,750,399)
	(5,892,627)	(8,989,273)	(14,881,900)

Notes to the Financial Statements

Legal Status

Empowering People Inspiring Communities Limited is incorporated under the Companies Act 2006 as a company limited by guarantee without share capital and is registered with the Regulator of Social Housing in England as a Private Registered Provider as defined by the Housing and Regeneration Act 2008 and the Charity Commission.

Principle Accounting Policies

(a) Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018. The Association is a Public Benefit Entity and has applied the Public Benefit Entity Section of FRS102.

The financial statements comply with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. The accounts are prepared on the historical cost basis and are presented in sterling for the year ended 31 March 2022.

The financial statements have been prepared in compliance with FRS102.

(b) Going concern

The Association's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. No significant concerns have been noted and we consider it appropriate to continue to prepare the financial statements on a going concern basis.

(c) Critical accounting judgements and key sources of estimation uncertainty

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

- **Categorisation of housing properties**

The Association has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Association has considered if the asset is held for social benefit or to earn commercial rentals. The Association has determined that all property is held for social benefit.

- **Impairment**

Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of the net realisable value or its value in use. The Association has identified a cash generating unit for impairment assessment purposes at a property unit level.

Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the Statement of Comprehensive Income.

Notes to the Financial Statements

Principle Accounting Policies (continued)

- **Impairment (continued)**

Following a trigger for impairment, impairment tests are performed based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in an arm's length transaction on similar cash generating units (properties) or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on either a depreciated replacement cost or a discounted cash flow model. The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the Association as the existing property.

The cash flows are derived from the Long-Term Financial Plan and do not include restructuring activities that the association is not yet permitted to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes. Following the assessment of impairment, no impairment losses were identified in the reporting period.

- **Development expenditure**

The Association capitalises development expenditure in accordance with the accounting policy described on page 28. Initial capitalisation of costs is based on management's judgement that the development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

- **Pension and other post-employment benefits**

Until May 2016 staff were on various schemes, depending on when they joined the organisation. This included a final salary scheme, career average earnings and defined contribution. The final salary scheme and career average earnings schemes closed in May 2016. The pension scheme offered from May 2016 being a defined contribution scheme.

The minimum contribution levels set by law effective from April 2019 are as follows:
5% Employee contribution, 3% Employer contribution, 8% Total contribution

As EPIC pays an employer contribution of 5%; employees are required to pay a reduced contribution in order to maintain/attain the minimum contribution level; up to an optional maximum of 5% per annum.

The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for

Notes to the Financial Statements

Principle Accounting Policies (continued)

quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector. Further details are given in note 16.

(d) Other key sources of estimation and assumptions

- **Tangible Fixed Assets**

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

(e) Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities and for its investment function Homes England, 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 letting, net of voids.

(f) Service charges

Service charge income and costs are recognised on an accruals basis. The Association operates both fixed and variable service charges on a scheme by scheme basis in full consultation with residents. Where variable service charges are used 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. Until these are returned or recovered they are held as creditors or debtors in the Statement of Financial Position.

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 long term creditors.

(g) Loan interest costs

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan.

- **Loan finance issue costs**

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income account in the year in which the redemption took place.

Notes to the Financial Statements

Policies (continued)

(h) Taxation

The Association gained charitable status on 2 April 2008 and therefore its general activities fall outside the scope of the United Kingdom Taxation legislation. The Association is exempt for VAT purposes.

(i) Housing properties

Tangible fixed assets are stated at deemed cost or cost, less accumulated depreciation. The Association has elected to use a previous GAAP valuation of the housing properties as deemed cost on transition to FRS102.

All properties and land are freehold. Freehold land held for development is not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELS), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The Association depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

UELS for identified components are as follows:

	Years
Housing Structure	100
Roof	60
Windows	25
Bathrooms	30
Kitchens	20
Boilers	15
Heating Distribution Systems	30
Electrical Rewires	30
Solar panels	25

Other Tangible Fixed Assets

Depreciation is charged on other tangible fixed assets on a straight-line basis over the expected economic useful lives which are as follows:

	Years
Freehold Offices	50
Office furniture	10
Office equipment	4
Tools and equipment	2
Computer equipment	2
Capital computer equipment	5

The Association has elected to use a previous GAAP valuation of the freehold offices as deemed cost at transition to FRS102 in 2016.

(j) Capitalisation of interest and administration costs

No interest or administration costs are capitalised. There is potential to capitalise administration costs if directly attributable to development.

Notes to the Financial Statements

Principle Accounting Policies (continued)

(k) Property managed by other parties

Where the Association carries the majority of the financial risk on property managed by other parties, income arising from the property is included in the Statement of Comprehensive Income Account.

The assets and associated liabilities are included in the Association's Statement of Financial Position.

(l) Leasing

Payments for operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the term of the lease.

(m) Investments

Investments held in subsidiaries are stated at cost less accumulated impairment and are included in fixed assets. Current asset investments include cash and cash equivalents invested for periods of more than 24 hours. They are recognised initially at cost and subsequently at fair value at the reporting date. Any change in valuation between reporting dates is recognised in the statement of comprehensive income.

(n) Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

(o) Non-government grants

Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised when received or receivable. Where grant is received with specific performance requirements it is recognised as a liability until the conditions are met and then it is recognised as turnover.

(p) Social housing grant and government grants

Where acquisitions have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in turnover over the estimated useful life of the associated asset structure (not land), under the accruals model.

SHG must be recycled 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.

(q) Non-monetary government grant

On disposal of assets for which non-monetary government grants are held as liabilities in the Statement of Financial Position, the unamortised amount in creditors is derecognised and recognised as income in the Statement of Comprehensive Income.

(r) Recycling of capital grant

Where Social Housing Grant is recycled, as described above, the SHG is credited to a fund which appears as a creditor until used to fund the acquisition of new properties, where recycled grant is known to be repayable it is shown as a creditor within one year.

Notes to the Financial Statements

Principle Accounting Policies (continued)

(s) 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.

(t) Retirement benefits

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services.

The Association participates in the Social Housing Pension Scheme ('SHPS'), a defined benefit multiemployer pension scheme administered by TPT Retirement Solutions ('TPT').

(u) Reserves policy

The Association is able to freely utilise the revenue reserves to further its objectives. In line with our approved Business Plan, we are currently utilising our reserves for improving our existing stock. When reviewing any opportunities, we need to ensure that whilst fulfilling the Association's objectives and aims that they are also financially viable in the longer term.

(v) Financial instruments

All loans held by the Association are classified as basic financial instruments in accordance with FRS 102. They are measured at transaction price plus transaction costs initially; and subsequently at amortised cost using the effective interest rate method. Loans repayable within one year are not discounted.

Financial Assets

Trade and Other Debtors

Trade and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment loss.

A provision for impairment of trade debtors is established where there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the Statement of Comprehensive Income for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the Statement of Comprehensive Income.

Financial Liabilities

Trade and Other Creditors

Trade and other creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price less any amounts settled.

All loans held by the Association are classified as basic financial instruments in accordance with FRS102.

Notes to the Financial Statements

1 Turnover, cost of sales, operating expenditure and operating surplus

2022

	Turnover £	Cost of sales £	Operating expenditure £	Operating surplus £
Social housing lettings (note 2)	5,422,580	-	4,457,983	964,597
Activities other than social housing	-	-	-	-
Total	5,422,580	-	4,457,983	964,597

2021

	Turnover £	Cost of sales £	Operating expenditure £	Operating surplus £
Social housing lettings (note 2)	4,657,118	-	3,125,189	1,531,929
Activities other than social housing	-	-	-	-
Total	4,657,118	-	3,125,189	1,531,929

Notes to the Financial Statements

2 Turnover and operating expenditure

	2022 £	2021 £
Income		
Rent receivable net of identifiable service charges	5,198,283	4,463,818
Service charges income	157,806	119,705
Net rental income	5,356,089	4,583,523
Sundry income	(2,465)	4,455
Total turnover from social housing lettings	5,353,624	4,587,978
Amortised government grants (Note 15)	68,956	69,140
Turnover from social housing lettings	5,422,580	4,657,118
Operating expenditure		
Management	1,998,135	1,554,363
Service charge costs	141,636	130,367
Routine maintenance	486,171	441,108
Major repairs expenditure	753,353	155,309
Bad debts	68,232	54,947
Depreciation of housing properties	1,010,456	789,095
Operating expenditure on social housing lettings	4,457,983	3,125,189
Operating surplus from social housing lettings	964,597	1,531,929
Void rental losses	80,945	41,751

3 Accommodation owned, managed and in development

	No. of properties		No. of properties	
	Owned	Managed	Owned	Managed
	2022	2022	2021	2021
Social Housing				
Under Management at the end of the year:				
General needs housing – Social Rent	1,106	-	953	-
– Affordable Rent	170	-	173	-
– Intermediate	89	-	85	-
– Leasehold	20	-	20	-
– Shared Ownership	3	-	-	-
General needs housing – Under Construction	1	-	5	-
	1,389	-	1,236	-

4 Accommodation managed by others

EPIC owns property managed by other bodies.

	No of properties 2022	No of properties 2021
General needs – Social Rent	20	8

Notes to the Financial Statements

5 Interest and financing costs

	2022	2021
	£	£
Deferred benefit pension charge	20,000	8,000
Amortisation of Loan arrangement fees	24,212	62,914
Loan interest payable	485,605	220,712
	529,817	291,626

6 Surplus on ordinary activities

	2022	2021
	£	£
The operating surplus is stated after charging/(crediting):-		
Annual audit of the Association's financial statements	19,152	13,324
Fees payable to the auditor for other services to the Association:		
Taxation compliance services	540	-
Operating lease rentals – Office equipment	-	-
Depreciation of housing properties	978,734	744,650
Depreciation of other fixed assets	55,395	54,173
Amortisation of grant	(68,956)	(69,140)

7 Key Management Personnel

	2022	2021
	£	£
The aggregate emoluments paid to or receivable by Directors and the executive management team	398,345	388,834
The pension contributions paid to the key management personnel	13,461	18,463
The emoluments paid to the highest paid Director excluding pension contributions	116,482	120,339

The Chief Executive is an ordinary member of the pension scheme. The pension scheme offered from May 2016 was a defined contribution scheme funded by annual contributions by the employer and employee. No enhanced or special terms apply. There are no additional pension arrangements. A contribution by EPIC of £1,432 (2021: £5,730) was paid in addition to the personal contributions of the Chief Executive.

Key Management Personnel are defined as the members of the Board (who do not receive any remuneration) and the Chief Executive, Finance Director, Housing Director, Systems Manager, Compliance Manager and Asset Manager.

During the year to 31st March 2022, £114,807 was paid to fulfil contractual obligations to departing members of staff. During the year an interim Executive Team was put in place, comprising of a Chief Executive, Housing Director and Asset Director, at a total cost of £173,302.

Notes to the Financial Statements

8 Employee information

The average number of persons employed during the year expressed in full time equivalents (35 hours per week) was:

	2022 No.	2021 No.
Office staff	18	21
Wardens, caretakers and cleaners	1	-
Total employees	19	21

	£	£
Staff costs		
Wages and salaries	639,903	774,574
Social security costs	62,752	75,521
Other pension costs (Defined benefit & defined contribution treated as defined benefit)	37,879	46,321
Total Employee Costs	740,534	896,416

Aggregate number of full-time equivalent staff whose remuneration exceeded £60,000 in the year

	No.	No.
£60,001 to £70,000	2	1
£80,001 to £90,000	1	1
£110,001 to £120,000	1	-
£120,001 to £130,000	-	1
£230,001 to £240,000	1	-

Notes to the Financial Statements

9 Tangible fixed assets

	Social Housing Properties Completed £	Social Housing Properties Not Completed £	Land £	Freehold offices £	Office Furniture and equipment £	Total £
Cost or valuation						
At 31.3.21	46,996,247	487,041	26,000	109,604	527,178	48,146,070
Revaluation	-	-	24,000	-	-	24,000
Additions						
Properties	11,945,768	-	-	78,442	-	12,024,210
Additions						
Components	218,231	-	-	-	-	218,231
Component						
Replacements	(70,624)	-	-	-	-	(70,624)
Property						
Disposals	(323,704)	-	-	-	-	(323,704)
Transfer to						
Completed	411,804	(411,804)	-	-	-	-
At 31.3.22	59,177,722	75,237	50,000	188,046	527,178	60,018,183
Depreciation / impairment						
At 31.3.21	7,565,663	-	-	14,783	413,345	7,993,791
Charge for year	978,734	-	-	3,402	51,993	1,034,129
Components						
replaced	(39,274)	-	-	-	-	(39,274)
Property						
Disposals	(31,374)	-	-	-	-	(31,374)
At 31.3.22	8,473,749	-	-	18,185	465,338	8,957,272
NBV 31.3.22	50,703,973	75,237	50,000	169,861	61,840	51,060,911
NBV 31.3.21	39,430,584	487,041	26,000	94,821	113,833	40,152,279
Components capitalised					2022	2021
Amounts charged to expenditure					£	£
					218,231	538,263
					753,353	155,309

Notes to the Financial Statements

10 Fixed asset investments

	2022	2021
	£	£
At 31.3.21	1	1
Additions in the year	-	-
At 31.3.22	1	1
Net book value 31.3.22	1	1
Net book value 31.3.21	1	1

The Company owns 100% of the issued share capital of EPIC Regeneration Services Limited, a company incorporated in England and Wales. This Company has aggregate capital and reserves of £1 and has been dormant since incorporation.

Under the provision of section 371 of the Companies Act 2006 the Association is exempt from preparing consolidated accounts and has not done so. Therefore, these accounts show information about the Association as an individual entity.

11 Trade and other debtors

	2022	2021
	£	£
Rent arrears	192,435	118,354
Less: provision for bad debts	(169,695)	(100,677)
Other debtors	113,105	97,308
Prepayments and accrued income	353,220	1,657,609
Total	489,065	1,772,594

All debtors are due within one year.

12 Cash and cash equivalents

	2022	2021
	£	£
Money market investments	13,608	13,601
Cash at bank and in hand	3,312,268	2,448,846
Total	3,325,876	2,462,447

Included in the above is £103,134 (2021:£102,443) held on trust for Leaseholders.

13 Creditors: amounts falling due within one year

	2022	2021
	£	£
Trade creditors	221,470	127,601
Deferred capital grant (Note 15)	68,956	69,140
Rents and service charges paid in advance	234,452	201,106
Service charge balances held on behalf of leaseholders	103,135	102,443
Accruals and deferred income	467,574	409,969
Loans and overdrafts	457,378	286,315
Other creditors	-	937
Total	1,552,965	1,197,511

Loans are secured by housing properties, see note 23.

Notes to the Financial Statements

14 Creditors: amounts falling due after more than one year

	2022	2021
	£	£
Deferred Capital Grant (Note 15)	6,499,277	6,586,476
Loans	17,750,399	8,068,759
Recycled Capital Grant Fund	157,418	91,885
Total	24,407,094	14,747,120

Loans are secured by housing properties, see note 23.

15 Deferred capital grant

	2022	2021
	£	£
At 31.3.21	6,655,616	6,105,859
Grant received in the year	21,572	618,897
Grant transferred Re Property Disposals	(40,000)	-
Amortised in the year	(68,956)	(69,140)
At 31.3.22	6,568,232	6,655,616
Amount due to be released in less than 1 year	68,956	69,140
Amount due to be released after 1 year	6,499,276	6,586,476
Total	6,568,232	6,655,616

16 Provision For Liabilities – Social housing pension scheme

The Association participates in the Social Housing Pension Scheme (the Scheme), a multiemployer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK and administered by TPT retirement Solutions.

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 triennial valuation of the scheme for funding purposes was carried out as at 30 September 2020. This valuation revealed a deficit of £1,560m (2017 - £1,522m). A Recovery Plan has been put in place with the aim of recovering this deficit by 30 September 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 financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

Notes to the Financial Statements

Fair value plan of assets, present value of defined benefit obligation and defined benefit asset/ (liability)

	2022	2021
	£'000	£'000
Fair value of plan assets	3,552	3,143
Present value of defined benefit obligation	4,003	4,109
(Deficit)/ surplus in plan	(451)	(966)
Unrecognised surplus	-	-
Defined benefit (liability)/ asset to be recognised	(451)	(966)

Reconciliation of opening and closing balances of the defined benefit obligation

	2022	2021
	£'000	£'000
Defined benefit obligation at start of period	4,109	3,083
Current service cost	-	-
Expenses	4	4
Interest expense	90	72
Member contributions	-	-
Actuarial losses (gains) due to scheme experience	272	(66)
Actuarial losses (gains) due to changes in demographic assumptions	(58)	13
Actuarial losses (gains) due to changes in financial assumptions	(360)	1,022
Benefits paid and expenses	(54)	(19)
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	4,003	4,109

Reconciliation of opening and closing balances of the fair value of plan assets

	2022	2021
	£'000	£'000
Fair value of plan assets at start of period	3,143	2,687
Interest income	70	64
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	305	324
Employer contributions	88	87
Member contributions	-	-
Benefits paid and expenses	(54)	(19)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Exchange rate changes	-	-
Fair value of plan assets at end of period	3,552	3,143

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2021 to 31 March 2022 was £375,000.

Notes to the Financial Statements

Defined benefit costs recognised in the statement of comprehensive income (SOCI)

	2022 £'000	2021 £'000
Current service cost	-	-
Expenses	4	4
Net interest expense	20	8
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)	24	12

Defined benefit costs recognised in other comprehensive income (OCI)

	2022 £'000	2021 £'000
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	305	324
Experience gains and losses arising on the plan liabilities - gain (loss)	(272)	66
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	58	(13)
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	360	(1,022)
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	451	(645)
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)	451	(645)

Notes to the Financial Statements

Assets

	2022 £'000	2021 £'000
Global Equity	682	501
Absolute Return	143	173
Distressed Opportunities	127	91
Credit Relative Value	118	99
Alternative Risk Premia	117	118
Fund of Hedge Funds	-	-
Emerging Markets Debt	103	127
Risk Sharing	117	114
Insurance-Linked Securities	83	75
Property	96	65
Infrastructure	253	210
Private Debt	91	75
Opportunistic Illiquid Credit	119	80
High Yield	31	94
Opportunistic Credit	13	86
Cash	12	-
Corporate Bond Fund	237	186
Liquid Credit	-	38
Long Lease Property	91	62
Secured Income	132	131
Liability Driven Investment	991	799
Net Current Assets	10	19
Currency Hedging	(14)	-
Total assets	3,552	3,143

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

Key Assumptions

	2022 % per annum	2021 % per annum
Discount Rate	2.78%	2.21%
Inflation (RPI)	3.47%	3.22%
Inflation (CPI)	3.14%	2.87%
Salary Growth	4.14%	3.87%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2022 imply the following life expectancies:

	2022 Life expectancy at age 65 Years	2021 Life expectancy at age 65 Years
Male retiring in 2022	21.1	21.6
Female retiring in 2022	23.7	23.5
Male retiring in 2042	22.4	22.9
Female retiring in 2042	25.2	25.1

Notes to the Financial Statements

17 Capital commitments

The table below shows the financial implications and sources of funding to deliver the signed contracts with Homes England.

	2022 £	2021 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	-	10,773,433
Capital expenditure that has been authorised by the Board but has not yet been contracted for	-	-
Capital commitment	-	10,773,433

EPIC expects these commitments to be financed with:

Triodos loan facilities	-	10,300,000
Social housing grant (In line with spend)	-	-
Internally generated resources (Revenue reserve)	-	473,433
Total	-	10,773,433

18 Contingent liability

If EPIC were to withdraw from all forms of the Social Housing Pension Scheme, it has been calculated that our debt on withdrawal as at 31st March 2021 would be £3,316,108. We have no plans to exit from the scheme at the present time.

19 Grant and financial assistance

	2022 £	2021 £
Total accumulated SHG received or receivable at 31 March:		
Held as deferred capital grant	6,895,614	6,914,041
Total	6,895,614	6,914,041

20 Related parties

The Board has a Tenant Board member who holds a tenancy agreement on normal terms and cannot use their position to their advantage. Rent charged to the Tenant Board member in the year was £3,298 (2021 - £3,249). There was a balance owing on the account of £353.20 (2021 - Credit balance - £150.16) at the end of the year.

21 Surplus on disposal

Three houses and one flat have been sold in the current financial year under the Right to Acquire (RTA) and one final staircasing took place on a house.

	2022 £	2021 £
Sale Proceeds	400,000	90,710
Less:		
Associated selling fees	(3,738)	(641)
Write off cost (NBV)	(291,959)	(72,369)
Surplus on disposal	104,303	17,700

Notes to the Financial Statements

22 Recycled capital grant fund

	2022	2021
		£
Opening balance of fund	91,885	81,774
Inputs/Withdrawals	65,000	10,000
Interest Accrued	533	111
At 31.3.22	157,418	91,885

23 Loans

At the financial year end, EPIC had drawn down a total of £19.3m. A further £10.3m was drawn down to purchase the Bromford stock in May 2021. The loans are secured against EPIC housing's stock, over a 25 year term, and are on a fixed interest basis.

	2022	2021
	£	£
Maturity of debt		
In less than one year	457,378	286,315
In more than one year but less than two years	469,027	293,837
In more than two years but less than five years	1,685,975	928,633
In greater than five years	15,595,397	6,846,289
Total	18,207,777	8,355,074

24 Interest rate risk and exposure

As at 31st March 2022 the following amounts were drawdown and had been fixed on 20th March 2020:

Facility 1 - £4,533,576.98 - 2.553% - Fixed until 20/03/2030
Facility 2 - £3,821,496.49 - 2.653% - Fixed until 20/03/2030

The additional drawdown of £10.3m in April 2021 was also fixed for a period of 10 years:

Facility 3 - £5,000,000 - 2.779% - Fixed until 21/04/2031
Facility 4 - £5,300,000 - 2.879% - Fixed until 21/04/2031 (Interest only until April 2026)

EPIC Treasury Management & Investment Policy sets out that when looking at any aspect of interest rate exposure, it is important to remember that overall interest rate risk management is about reducing risk and increasing certainty. It is not about best guessing or predicting the way interest rates will move.

Any sensitivity analysis will be applied to all variable rate borrowing and to any fixed term borrowing after its maturity date, using market forecast rates.

The Board must approve the use of hedging instruments subject to the Rules of the Association and the regulators guidelines/approval. In such cases a hedging strategy must be prepared and appended to the Treasury Management & Investment Policy, which must state the type of instruments to be used, the value limits, the counterparties involved and the periods for which they will be in place.

25 Post balance sheet events

There are no Post Balance Sheet Events of any significance to report.

EMPOWERING PEOPLE INSPIRING COMMUNITIES LIMITED

England & Wales - Charity number 1118644

Accounts



Empowering People Inspiring Communities Limited

Financial statements

For the year ended 31 March 2021

Charity Number: 1118644

Company Number: 3333405

Regulator of Social Housing Number: L4167

Contents

Page	
3	Chair's Foreword
4	Board Members, Executive Officers, Company Information
6	Report of the Board
9	Strategic Report
15	Independent Auditor's Report
19	Statement of Comprehensive Income
20	Statement of Financial Position
21	Statement of Changes in Reserves
22	Statement of Cash Flows
23	Notes to the Financial Statements

Chair's Foreword

COVID 19 must be a key thought when considering the outcomes of the last year for EPIC, COVID 19 has clearly had a profound impact on us, and has touched all of us in different ways. I am pleased to say that EPIC managed its way through the major challenges and minimised the impact to tenants. With a successful move to home working, EPIC staff were able to provide effective support to our tenants. In line with the rest of the sector, there was a direct impact on tenants as key areas of employment were forced to lockdown due to the impact of COVID 19 controls, resulting in an increase in Universal Credit claims. Being small and retaining close links with our community, we were able to keep repairs delays to a minimum, with the key issues seen as delays in component replacement due to restricted access to homes.

Performance wise it was a good year despite the impact of COVID 19, voids fell to be less than anticipated and before adjustment for the pension a health surplus of £1.26m was made. A further 12 homes for social rent were also acquired attracting grant funding of over £540k.

Following a successful bidding exercise during the year, EPIC took over the management of 169 new homes from previous landlord, Bromford. Bromford decided to undertake stock rationalisation with the aim of improving the quality of services to tenants by transfer to a "better placed" landlord, together with improving the efficiency of services through local management. I am pleased to let you know that these tenants joined EPIC in May 2021.

Since the financial year end, there has been ongoing regulatory engagement from the Regulator of Social Housing, resulting in the Regulator of Social Housing placing EPIC on the grading under review listing in June 2021.

Since then the Regulator of Social Housing has undertaken a review of a number of matters and has decided on the following outcomes. In the first instance a Regulatory Judgement reflecting downgrading to Governance: G3 (non-compliant) and Viability: V2 (compliant) has been issued. In addition, a Regulatory Notice has been issued, which indicates that EPIC has failed to meet the requirements of the Home Standard due to not carrying out appropriate fire safety remedial actions when it should have, and did not complete all appropriate checks to meet its statutory Health and Safety responsibilities.

Clearly this is a very disappointing outcome to the review for EPIC, and the Board recognise that these are issues of serious regulatory concern and are determined to work with our Interim CEO, Susan Kellock, and her management team to address them as soon as is practicable.

Please be assured that tenants' safety is our paramount concern and swift action has been taken to begin to resolve the weaknesses identified. A programme of fire alarm installation is in place to enable a simultaneous evacuation in the event of fire within any of the identified properties. In addition a programme of work has been contracted to replace the front doors of properties together with improving windows in communal areas. A further programme of loft compartmentalisation will follow in due course enabling the return to a stay put fire policy, normal policy for properties of this nature.

EPIC and its Board will continue to work closely with the Regulator in addressing all these matters so that we can return to a position of regulatory compliance as soon as practicably possible.

Finally, and most importantly the Board and myself recognise the challenges the EPIC staff have had and thank them for their significant efforts over the last year, it is appreciated.

Stephen Funnell

Chair

Board Members, Executive Officers, Company Information

Board Members		Date Joined/ Resigned	Other Committee Membership	Board Meeting Attendance		
				Attended No.	Total No.	% attendance
S Funnell	Chair	Apr 17	ARC & OC	6	7	86%
P Lunio	Vice Chair	Sep 17	OC	7	7	100%
A Fury		Sep 12/ Jun21	ARC (Chair)	2	7	29%
A Stone		Jun 16	OC	7	7	100%
V Robb		Sep 18/ Jun 21	-	5	7	71%
L Dulson		Sep 19/ Jun21	-	5	7	71%
A Milroy		Oct 18	OC (Chair)	7	7	100%
J Powell		Nov 20	OC	5	7	80%
R Emery		May 20	OC	7	7	100%
P Turner	Co-opted	Sep 17/May 21	-	5	7	57%
R Kent	Co-opted	Mar 20	ARC	7	7	100%
N Leggett	Co-opted	Mar 20	ARC	6	7	86%
D Matharoo	Former Vice Chair	Sep 16/Nov 20	ARC & OC	1	2	50%

Key:

OC *Operations Committee*
ARC *Audit and Risk Committee*

Board Members, Executive Officers, Company Information

Executive Officers		
Finance Director	S Kellock	Appointed 14.6.21
Interim Chief Executive	S Kellock	Appointed 15.6.21
Operations Director	J Plant	
Changes		
Chief Executive	L Gibbs	Resigned 30.6.21
Finance Director	R Fullwood	Resigned 31.5.21

Company Information

Registered Office	131-141 Ubberley Road, Bentilee, Stoke on Trent, Staffordshire, ST2 0EF
Company Secretary	S Kellock appointed 30.6.21 formerly L Gibbs
Company No.	3333405
Charity No.	1118644
Regulator of Social Housing Registration No.	L4167
Auditor	Beever and Struthers, St. George's House, 215-219 Chester Road, Manchester, M15 4JE
Bank	The Co-operative Bank plc, Birmingham Commercial Banking Centre, 118-120 Colmore Row, Birmingham, B3 3BA
Key lender	Triodos Bank, Deanery Road, Bristol, BS1 5AS

Report of the Board

The Board presents its report and the audited financial statements for the year ended 31 March 2021

Principal activities

Empowering People Inspiring Communities (EPIC) is charitable registered provider of social housing and is administered by a Board of 8 members. We are a community-based housing association managing 1,224 homes predominantly in the Bentilee area of Stoke-on-Trent. The vast majority of our homes are for general social housing residents, but we also have 20 leasehold properties. Full details of the stock and tenure is shown in Notes 3 and 4 of these financial statements.

During the year EPIC successfully bid for 169 properties arising from a stock rationalisation strategy by Bromford Housing. The stock came into our ownership in May 2021. These properties, located in Stoke on Trent, provide tenure diversification through acquiring, shared ownership and supported accommodation.

Board and governance

EPIC is governed by a Board of Management who provide their time and commitment on a voluntary non-remunerated basis. The Board currently comprises of 8 members; an independent Chair, a further 6 independent members, a tenant member, a local authority member in addition there are currently two co-opted members. The Board members who served during the period are shown on page 3.

Our Executive Officers are listed on page 4, they are not members of the Board. They act as an executive within the authority delegated to them by the Board, as set out in the Rules and Standing Orders. The remuneration of the Executive team, along with details of the highest paid officer, is detailed in Note 7 of these financial statements.

The Board has ultimate responsibility for the governance of the Company. The Board's central role is to direct the organisation's work, that is to determine strategic direction and policies. The Board agrees policies and make decisions on all matters that might create significant financial or other risk to the Company; or which raise material issues of principle. Management, that is the implementation of Board policies, is delegated to the paid staff.

Committee structure

Throughout the year there were two formal Committees – the Audit and Risk Committee (ARC) and Operations Committee (OC). Each Committee of the Board has clear terms of reference and report back to the Board following each of their meetings.

Following the year end, as result of our regulatory referral, it has been agreed by the Board to suspend the two formal committees on a temporary basis.

Meetings during the year ended 31 March 2021

Board	9
Audit & Risk Committee	3
Operations Committee	3

Report of the Board

Appointment of Board members

Board members are appointed in a formal process and are formally appointed at the Annual General Meeting.

Board skills, quality & experience

Board members should collectively possess the qualities and skills to take decisions and monitor performance. Collectively the Board needs to bring experience and understanding of a broad range of topics including, but not limited to, finance, development, residents' issues and local housing need.

Board Code of Conduct

Board members have an obligation to ensure that their private or personal interests do not influence their decisions or compromise their ability to always act in the best interests of EPIC and those who it seeks to serve. They must not use their position to obtain personal gain of any sort.

Regulatory Judgement/ Regulatory Notice

During the year circumstances arose that resulted in post year end a referral to the Regulator of Social Housing where upon EPIC was placed upon the Grading Under review listing.

The final outcome of this review was published in late August 2021 and concluded the following Regulatory Judgement and Regulatory Notice:

- **Regulatory Judgement**

Governance G3 (non-compliant)- This judgement downgrades EPIC's governance to a non-compliant G3 grade. This means that there are issues of serious regulatory concern but that the provider is working with us to address them.

The regulator concluded, that they lack assurance that EPIC's governance arrangements are effective and that the board has been unable to demonstrate that it is managing its affairs with an appropriate degree of skill, independence, diligence, effectiveness, prudence and foresight.

Viability V2 compliant) - The regulator's assessment of EPIC's compliance with the financial viability element of the Governance and Financial Viability standard is that it has the financial capacity to deal with a reasonable range of adverse scenarios but needs to manage material risks to ensure continued compliance. The rating in this area is V2 compliant.

- **Regulatory Notice**

At the same time as the judgement above, the regulator has published a regulatory notice stating that EPIC's ineffective management of statutory health and safety compliance has breached the requirements of the Home Standard.

EPIC's Board places the Health and safety of its tenants at the forefront of its operations and is working with the regulator to ensure the matters raised are dealt with and resolved in a timely manner.

Report of the Board

Internal controls assurance

The Board acknowledges its responsibility for the system of internal controls and for reviewing its effectiveness mindful of the objectives of, and risks facing EPIC.

The Board confirmed that there are ongoing processes for maintaining sound systems of internal controls and for managing risk. These processes have been operational during the year and were regularly reviewed by the relevant committees and the Board.

Resulting from consideration of the Regulator's placing of EPIC on the grading under review listing the Board agreed that for an interim period that all sub-committees be suspended to allow all business to be reviewed directly by the Board.

Donations

No donations were made during the year (2020: £nil).

Directors' insurance

EPIC's Board members and officers have personal liability insurance through the organisation's company insurance. Cover was in place throughout the year and no claims were made.

Provision of information to the Auditor

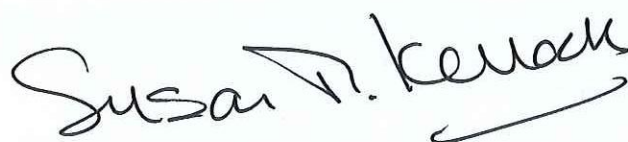
The members of the Board who were in the meeting on the date of approval of these financial statements have confirmed, as far as they are aware, that there is no relevant audit information of which the auditor is unaware. Each of the members of the Board have confirmed that they have taken all of the steps that they ought to have taken as members of the Board in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Independent Auditor

Beever and Struthers were re-appointed as auditor at the Board Meeting on 7 October 2020. They have confirmed their willingness to continue in office.

Approval

The report of the Board was approved by the Board on 31 August 2021 and signed on its behalf by:



Susan Kellock
Company Secretary

Strategic Report

What we do

EPIC were formed in 1998 following a stock transfer from Stoke-on-Trent City Council. Our overall mission is to extend the range of good quality housing choices for people on below-average incomes. We offer houses, flats and bungalows for rent. We also offer a number of houses through our Rent to Buy scheme, where tenants can purchase their home, after a 5-year tenancy at a discounted rent. We work closely with three local authorities and a range of other partners to ensure our housing helps meet the needs of local people.

In our first years of operation we concentrated on bringing our flats into good condition and improving their management and maintenance. In 2000 we began to expand our offering, purchasing houses in the Bentilee area. Now over a quarter of our stock is made up of family-sized houses. We have a strong commitment to our local communities, and from 2005 we worked to develop the Bentilee area. 2010 onwards saw EPIC continue to grow, buying existing properties in Stoke-on-Trent, Newcastle-under-Lyme, and Staffordshire Moorlands, and bringing them up to modern standards. Our latest growth has been in 2021 with the 169 additional units purchased from Bromford in May 2022, bringing our current housing stock to around 1,400 dwellings across North Staffordshire.

Vision, Mission, Objectives and Beliefs

Our Vision

To create an agile and resilient organisation which will deliver our ambition and achieve our social purposes.

Our Mission

To deliver high quality homes and services for our customers in the most efficient ways so that we generate surpluses which secure business growth and enhance communities.

Our Key Objectives

- Growth and diversification of our housing offer.
- Improving efficiency and achieving value for money.
- Delivering high quality homes and services.
- Excellence in governance and future viability.

What We Believe

As a charity our values are intrinsic to how we go about doing business. We need to generate surpluses in order to deliver our services and key objectives, but to do this we make sure we act in line with our charitable ethos:

- Fairness: We treat people equally and make decisions based on facts not personal opinions.
- Respect: We treat people with respect, and act with courtesy.
- Understanding: We are empathetic, approachable and act professionally.
- Integrity: We are honest, dependable and do what we say we will.
- Teamwork: We work with our customers to ensure we deliver high quality services. We believe that using our combined strengths makes us a better organisation.
- Excellence: We take pride in what we do, help others, are precise and accurate and strive to improve services.

Strategic Report

Regulatory Downgrading

Governance weaknesses compounded by a series of simultaneous material events (fire safety and stock acquisition) has resulted in a regulatory referral in June 2021. This regulatory referral was not unexpected as processes had already highlighted areas of concern.

The resulting Regulatory Judgement was published in late August 2021 stating a downgrade from G1V1(compliant) to G3(non-compliant) V2(compliant). In addition a Regulatory Notice was published stating that EPIC's ineffective management of statutory health and safety compliance has breached the requirements of the Home Standard.

Tenants' safety is EPIC's paramount concern and swift action has been taken to begin to resolve the weaknesses identified. EPIC acknowledges that these outcomes indicate that there are issues of serious regulatory concern and is working with the Regulator to address them.

Value for Money

The Regulator of Social Housing Value for Money Standard and Code requires providers to report in their statutory accounts against the metrics defined by the Regulator. These metrics are defined in the 'Value for Money Metrics' document issued by the Regulator.

The table below details EPIC's performance against both the Value for Money Metrics as well as the Sector Scorecard indicators.

Value for Money Metrics						
	2019/20	2020/21	Sector Median (all)	Peer Median	West Midlands Median	
Reinvestment % <i>This metric looks at investment in properties including existing stock and new stock. This is calculated as a percentage of value of total properties.</i>	12.4%	5.6%	7.2%	5.6%	5.4%	
New supply delivered (social housing) as a % of total stock <i>This sets out the number of new social housing units that have been acquired or developed in the year as a proportion of total units.</i>	3.3%	0.9%	1.5%	0.7%	1.6%	
Gearing % <i>This shows the proportion of our borrowing compared to our assets. A high gearing could indicate that we have taken on too much borrowing however low gearing could indicate that we have capacity to borrow more.</i>	13.4%	14.9%	44.0%	34.5%	48.2%	
EBITDA – MRI (Interest Cover) <i>This shows how much cash the organisation is generating compared to interest payments. Any result above 100% means that we are generating surplus cash over and above interest payments</i>	681.8%	772.9%	170.0%	199.0%	156.0%	
Headline social housing cost per unit (£) <i>The unit cost metric assesses the headline social housing cost per unit as defined by the Regulator of Social Housing</i>	2,290	2,342	3,830	4,600	3,490	
Operating Margin % Social Housing <i>This is an indicator of operating efficiency and business health as it measures the amount of surplus generated from turnover on our day to day activities</i>	36.1%	33.4%	25.7%	23.9%	31.7%	
Operating Margin % Overall <i>This is an indicator of operating efficiency and business health as it measures the amount of surplus generated from turnover on our day to day activities</i>	36.1%	32.9%	23.1%	20.3%	24.5%	
Return on capital employed (ROCE) % <i>This metric compares the operating surplus to total assets less current liabilities and assesses the efficient investment of capital resources</i>	3.9%	3.6%	3.4%	3.0%	4.3%	

Overall our performance is strong in most areas and where performance is below target we understand why this is. Our reinvestment level is in line with our peer group but slightly under the sector median, as we stopped acquisition's in 2021 to enable us to fund a major acquisition in 2021-22. Our Operating Margin (overall) and Operating Margin (social housing lettings) have seen a reduction, but remains strong. The EBITDA MRI interest cover measure is a key indicator for liquidity and investment capacity and our score is favourable compared to the peer group median. The low level of gearing is a result of low debt levels and healthy cash reserves as at 31st March 2021. Our Headline Social Housing cost per unit has seen a small rise as we continue to invest to make stock improvements, but is favourable to our peers.

Strategic Report

Other Metrics		
	2019/20	2020/21
Voids <i>This measure illustrates the % rent lost through empty (void) stock %</i>	0.56	0.91
Management cost per unit <i>This metric shows the cost per unit incurred in managing our properties £</i>	1,120	1,270
Service charge cost per unit <i>This metric shows the service charge cost per unit £</i>	143	107
Maintenance cost per unit <i>This metric shows the average maintenance cost per unit</i>	478	482
Rent Arrears <i>This shows how % of rent arrears compared to rent charged %</i>	1.52	2.11
Rent Receivable <i>This shows how effective we are at collecting rents due %</i>	98.8	98.8

Financial review

The Statement of Comprehensive Income for the year ended 31 March 2021 and the Statement of Financial Position at 31 March 2021 are shown on pages 19 and 20. The key financial highlights for EPIC are as follows:

- The total comprehensive income for the year of £613,144 represents a £1,229,939 or 66.7% decrease from the 2020 result of £1,843,083. This, however, masks a significant swing in the actuarial value of the pension scheme bearing a surplus in 2020 but indicating a deficit in 2021.
- The surplus for the year before pension adjustments reflects a fall from £1,401,363 in 2020 to £1,258,050 in 2021, a £143,313, 10.2% fall. Note 2 Illustrates the movement in key operating areas, with no significant cost increases identified. In addition the increase of £50k in financing costs is detailed in note 5.
- Turnover of £4,657,118 (2020: £4,524,811) represents a net increase of £132,307. While the major increase reflects the annual rental increase. Taken together with some new stock coming online agreed, it has been adjusted for voids rental losses which have increased by some 62%, £16k since 2020 resulting from slower turnaround of properties due to COVID restrictions.
- Based on the statement of comprehensive income the operating surplus for the year of £1,549,629, 33.2% of turnover (2020: £1,641,936, 36.3%) represents a decrease of £92,307 on the prior year operating surplus. The decrease in operating margin is primarily as a result of an increase in operating expenditure.
- Interest and financing costs for the year to 31 March 2021 of £291,626 (2020: £242,045) represents an increase of £49,581. Drawdown of loans throughout the year in 2020 now have a full-year impact in 2021.
- The year-end cash and short term investment position has decreased during the year with a balance of £2,462,447 at 31 March 2021 (2020: £3,467,701).

Strategic Report

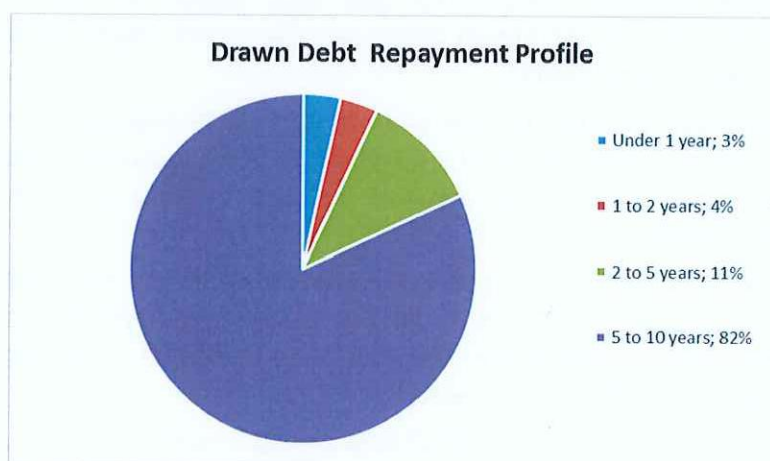
Funding and Treasury

In relation to funding and Treasury activity, our sole lender is Triodos. Our principal bank providing day to day transactional support is the Co-operative Bank PLC.

EPIC having already secured loan financing of £14 million from Triodos, of which £9 million had been drawn and was partly used to fund the existing acquisition programme. EPIC is set to raise a further £5.3 million against the exiting headroom with indicative Heads of Terms, broadly in line with our existing loan facility. Noting the additional £5.3 million required no additional security, with security being used from the existing loan in place.

This new available facility sum of £10.3 million was drawn in May 2021 to purchase the 169 properties from Bromford Housing.

Arranged facilities as at 31 March 2021 totalled £19.3 million of which (47%) £9 million were drawn. At 31.3.21, the Drawn Debt Repayment Profile is illustrated below.



All of the total debt drawn is at fixed interest rates.

At the year-end there were 260 units of unencumbered units of stock, subject to satisfactory gearing and interest cover providing approximate security head room of EUV £ 6.1 million, MVSH £10.8 million.

Treasury activities are controlled and monitored by the Board and are executed by the Finance Director. Cash flows are monitored and forecast regularly to minimise cash held and ensure further funds are drawn down as required.

EPIC's financial instruments comprise borrowings, cash and liquid resources, and various items such as trade debtors and trade creditors that arise directly from its operations. The main purpose of these financial instruments is to finance operations.

Strategic Report

Future plans, risks and uncertainties

- Previous growth plans have been set aside as the 2021 Fire safety remediation requirements have taken operational priority ensuring compliance with consumer standards and, importantly, safeguarding the health and safety of our tenants. This was highlighted as a key concern by the Regulator and extensive work is being undertaken in the identified properties, namely 43 blocks that contain six flats. While the required area of work comprising (1) Installing an upgraded fire alarm system, (2) Replacing front doors and (3) Addressing loft compartmentation issues, has been planned and prioritised, there continues to be uncertainty in three areas. (1) confirmation of costs of works and availability of trades to undertake work, (2) accessibility to the required properties, and (3) the on-going risk associated with neither a 'stay put' nor 'evacuation' policy requirements being able to be met. In mitigation, in addition to waking watch, a comprehensive fire safety management policy is in place guided and supported by fire safety experts. Tenants are fully aware of the current circumstances and are being kept up to date of matters.
- The risk of the above work plan is the level of costs, (circa £750k in 2021-22, 2022-23 £1.2m 2023-24 circa £250k), and timing which impact on the cash flow of the business. Recent capital acquisition of housing stock has reduced liquidity significantly and this requires extensive ongoing liquidity management to ensure Loan covenants are not breached.
- Recent events identified in the Regulatory referral section above have identified significant governance weaknesses at both Board and Executive level. These have been addressed with a matter of urgency and on-going support has been sourced externally.
- The above business critical matters are currently taking precedence. Notwithstanding this, the following are also being noted when reviewing the future activity:
 - Potential for higher than anticipated asset management costs;
 - Potential for lower than forecast rent receivable, due to market changes and also implications of the fire safety works; and
 - consideration of net zero carbon by 2050

The Governance and Financial Viability Standard

Based on the evidence supporting the recent Regulatory referral, grading under review listing and the subsequent re-grading to G3 V2, together with the Regulatory Notice indicating a breach in Home standard, the Board cannot confirm full compliance with the Governance and Financial Viability Standard issued by the Regulator of Social Housing.

Full details of areas non-compliance and other information can be found on Page 7. Further details on the RSH's regulatory approach and EPIC's regulatory judgement can be found at <https://www.gov.uk/government/publications/regulatory-judgements-and-regulatory-notices>

National Housing Federation Code of Governance

The Board has adopted the National Housing Federation's "Code of governance: Promoting board excellence for housing associations (2015 edition)". The Board met on 18th May 2021 and approved compliance with the 2015 code.

Based on the evidence supporting the recent Regulatory referral, grading under review listing and the subsequent re-grading from G1V1 to G3V2, the Board are no longer able to confirm full compliance with 2015 code. More detail and other information can be found on Page 7.

Strategic Report

Statement of Board members' responsibilities

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

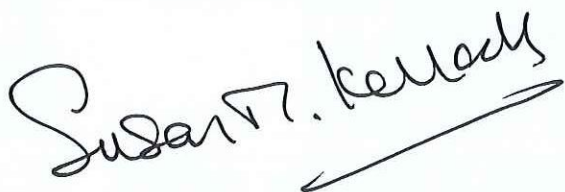
Registered Provider legislation requires the Board to prepare financial statements for each financial year. Under that legislation the Board have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under Housing Association legislation the Board must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the surplus or deficit of the company for that period. In preparing these financial statements, the Board is required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- 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 adequate accounting records that are sufficient to show and explain the Association's transactions and disclose with reasonable accuracy at any time the financial position of the Association and enable them to ensure that the financial statements comply with Housing Association legislation. They are 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Association's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Approved by the Board on 31st August 2021 and signed on its behalf by:



Susan Kellock
Company Secretary

Independent Auditor's Report

Opinion

We have audited the financial statements of Empowering People Inspiring Communities Limited (the 'company') for the year ended 31 March 2021 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the statement of Changes in Reserves, the 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 company's affairs as at 31 March 2021 and of its income and expenditure for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

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 company 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 Board's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the company'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 is responsible for the other information. 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.

Independent Auditor's Report

In connection with our audit of the 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 audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the Board's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the Board's report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the Board's report.

We have nothing to report in respect of the following matters in relation to which Companies Act 2006 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 directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

In addition, we have nothing to report in respect of the following matter where the Housing and Regeneration Act 2008 requires us to report to you if, in our opinion a satisfactory system of control over transactions has not been maintained

Responsibilities of the Board

As explained more fully in the Board's Responsibilities Statement set out on page 12/13, 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 company'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 company or to cease operations, or have no realistic alternative but to do so

Independent Auditor's Report

Auditor's responsibilities for the audit of the financial statements

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

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

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

We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and then design and perform audit procedures responsive to those risks, including obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion.

In identifying and addressing risks of material misstatement in respect of irregularities, including fraud and non-compliance with laws and regulations, our procedures included the following:

- We obtained an understanding of laws and regulations that affect the company, focusing on those that had a direct effect on the financial statements or that had a fundamental effect on its operations. Key laws and regulations that we identified included the Companies Act, the Statement of Recommended Practice for registered housing providers: Housing SORP 2018, the Housing and Regeneration Act 2008, the Accounting Direction for Private Registered Providers of Social Housing 2019, tax legislation, health and safety legislation, and employment legislation.
- We enquired of the Board and reviewed correspondence and Board meeting minutes for evidence of non-compliance with relevant laws and regulations. We also reviewed controls the Board have in place, where necessary, to ensure compliance.
- We gained an understanding of the controls that the Board have in place to prevent and detect fraud.
- We enquired of the Board about any incidences of fraud that had taken place during the accounting period.
- The risk of fraud and non-compliance with laws and regulations and fraud was discussed within the audit team and tests were planned and performed to address these risks. We identified the potential for fraud in the following areas: laws related to the construction and provision of social housing, recognising the nature of the company's activities and the regulated nature of the company's activities.
- We reviewed financial statements disclosures and tested to supporting documentation to assess compliance with relevant laws and regulations discussed above.

Independent Auditor's Report

- We enquired of the Board about actual and potential litigation and claims.
- We performed analytical procedures to identify any unusual or unexpected relationships that might indicate risks of material misstatement due to fraud.
- In addressing the risk of fraud due to management override of internal controls we tested the appropriateness of journal entries and assessed whether the judgements made in making accounting estimates were indicative of a potential bias.

Due to the inherent limitations of an audit, there is an unavoidable risk that we may not have detected some material misstatements in the financial statements, even though we have properly planned and performed our audit in accordance with auditing standards. For example, as with any audit, there remained a higher risk of non-detection of irregularities, as these may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls. We are not responsible for preventing fraud or non-compliance with laws and regulations and cannot be expected to detect all fraud and non-compliance with laws and regulations.

Use of the audit report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company'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 company and the company's members as a body for our audit work, for this report, or for the opinions we have formed.



Sue Hutchinson (Senior Statutory Auditor)
For and on behalf of
Beever and Struthers
Statutory Auditor
St George's House
215/219 Chester Road
Manchester
M15 4JE

Date: 22 September 2021

Statement of Comprehensive Income

		Year Ended 31 March 2021 £	Year Ended 31 March 2020 £
Turnover	1,2	4,657,118	4,524,811
Operating costs	2	(3,125,189)	(2,890,153)
Gain on disposal of property, plant and equipment	22	17,700	7,278
Operating surplus		1,549,629	1,641,936
Interest receivable		47	1,472
Interest and financing costs	5	(291,626)	(242,045)
Surplus before taxation		1,258,050	1,401,363
Taxation		-	-
Surplus for the year after taxation		1,258,050	1,401,363
Other comprehensive income			
Actuarial (loss)/gain in respect of pension scheme	16	(644,906)	441,720
Total comprehensive income for the year		613,144	1,843,083

The results relate wholly to continuing activities and the notes on pages 23 to 41 form an integral part of these accounts

Statement of Financial Position

	Note	As At 31 March 2021 £	As At 31 March 2020 £
Fixed assets			
Tangible fixed assets	9	40,152,279	38,793,454
Investments in subsidiary	10	1	1
		40,152,280	38,793,455
Current assets			
Trade and other debtors	11	1,772,594	490,653
Investments	12	13,601	13,585
Cash and cash equivalents	12	2,448,846	3,454,116
		4,235,041	3,958,354
Less: Creditors: amounts falling due within one year	13	(1,197,511)	(1,047,618)
Net current assets		3,037,530	2,910,736
Total assets less current liabilities		43,189,810	41,704,191
Creditors; amounts falling due after more than one year	14	(14,747,120)	(14,479,892)
Provisions for liabilities			
Pension – defined benefit liability	16	(966,000)	(396,000)
Total net assets		27,476,690	26,828,299
Reserves			
Revaluation reserve		9,703,346	9,825,099
Revenue reserve		17,773,344	17,003,200
Total Reserves		27,476,690	26,828,299

Company registration number 3333405.

The financial statements on pages 19 to 41, were approved and authorised for issue by the Board on 31 August 2021 and were signed on its behalf by:



S. Funnell - Chair



S. Kellock – Company Secretary

Statement of Changes in Reserves

	Revenue Reserve £	Revaluation Reserve £	Total £
Balance at 31 March 2019	14,842,117	10,127,848	24,969,965
Surplus 2019/20	1,843,083	-	1,843,083
Right to Acquire Property Disposals (Reversal of Revaluation)	-	15,251	15,251
Transfer between reserves (excess depreciation)	318,000	(318,000)	-
Balance at 31 March 2020	17,003,200	9,825,099	26,828,299
Surplus 2020/21	613,144	-	613,144
Right to Acquire Property Disposals (Reversal of Revaluation)	-	35,247	35,247
Transfer between reserves (excess depreciation)	157,000	(157,000)	-
Balance at 31 March 2021	17,773,344	9,703,346	27,476,690

Statement of Cash Flows

	Note	Year ended 31 March 2021 £	Year ended 31 March 2020 £
Net cash generated from operating activities (see below)		1,085,378	2,354,049
Cash flow from investing activities			
Purchase of tangible fixed assets		(2,229,216)	(5,354,936)
Proceeds from sale fixed assets		90,710	172,500
Grants received		618,897	1,286,601
Interest received		47	1,472
Cash flow from investing activities		(1,519,562)	(3,894,363)
Cash flow from financing activities			
Interest paid		(291,626)	(242,045)
New secured loans		0	4,000,000
Repayment of borrowing		(279,444)	(216,415)
Subtotal		(571,070)	3,762,585
Net change in cash and cash equivalents		(1,005,254)	2,001,225
Cash and cash equivalents at beginning of the year		3,467,701	1,466,476
Cash and cash equivalents at end of the year	12	2,462,447	3,467,701
Cash flow from operating activities			
Surplus before taxation		1,258,051	1,401,363
Adjustments for non-cash items:			
Depreciation of tangible fixed assets		843,269	793,446
Movement in bad debt provision		27,966	7,936
Movement in trade and other debtors		(1,309,908)	128,699
Movement in trade and other creditors		144,808	(63,906)
Pension costs less contributions payable		(82,906)	(81,280)
Adjustments for investing or financing activities:			
Surplus from the sale of tangible fixed assets		(18,341)	(9,831)
Government grants utilised in the year		(69,140)	(62,952)
Interest payable		291,626	242,045
Interest received		(47)	(1,472)
Net cash generated from operating activities		1,085,376	2,354,049

Reconciliation of Net Debt	At the Beginning of the Year £	Cashflows £	At the End of the Year £
Cash and Cash Equivalents	3,467,701	(1,005,254)	2,462,447
Housing Loans Due in 1 Year	(279,444)	(6,871)	(286,315)
Housing Loans Due After 1 Year	(8,355,210)	286,451	(8,068,759)
	(5,166,953)	(725,674)	(5,892,627)

Notes to the Financial Statements

Legal Status

Empowering People Inspiring Communities Limited is incorporated under the Companies Act 2006 as a company limited by guarantee without share capital and is registered with the Regulator of Social Housing in England as a Private Registered Provider as defined by the Housing and Regeneration Act 2008 and the Charity Commission.

Principle Accounting Policies

(a) Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom Accounting Generally Accepted Accounting Practice (UK GAAP) and the Statement of Recommended Practice for registered housing providers: Housing SORP 2018. The Association is a Public Benefit Entity and has applied the Public Benefit Entity Section of FRS102.

The financial statements comply with the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019. The accounts are prepared on the historical cost basis and are presented in sterling for the year ended 31 March 2021.

The financial statements have been prepared in compliance with FRS102.

(b) Going concern

The Association's financial statements have been prepared on a going concern basis which assumes an ability to continue operating for the foreseeable future. No significant concerns have been noted and we consider it appropriate to continue to prepare the financial statements on a going concern basis. Please see the sections regarding the regulatory notice issued in August 2021 in note 27 of these accounts for further information.

(c) Critical accounting judgements and key sources of estimation uncertainty

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

- **Categorisation of housing properties**

The Association has undertaken a detailed review of the intended use of all housing properties. In determining the intended use, the Association has considered if the asset is held for social benefit or to earn commercial rentals. The Association has determined that all property is held for social benefit.

- **Impairment**

Impairment is recognised where the carrying value of a cash generating unit exceeds the higher of the net realisable value or its value in use. The Association has identified a cash generating unit for impairment assessment purposes at a property unit level.

Reviews for impairment of housing properties are carried out when a trigger has occurred and any impairment loss in a cash generating unit is recognised by a charge to the Statement of Comprehensive Income.

Notes to the Financial Statements

Principle Accounting Policies (continued)

- **Impairment (continued)**

Following a trigger for impairment, impairment tests are performed based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transactions in an arm's length transaction on similar cash generating units (properties) or observable market prices less incremental costs for disposing of the properties. The value in use calculation is based on either a depreciated replacement cost or a discounted cash flow model. The depreciated replacement cost is based on available data of the cost of constructing or acquiring replacement properties to provide the same level of service potential to the Association as the existing property.

The cash flows are derived from the Long-Term Financial Plan and do not include restructuring activities that the association is not yet permitted to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes. Following the assessment of impairment, no impairment losses were identified in the reporting period.

- **Development expenditure.**

The Association capitalises development expenditure in accordance with the accounting policy described on pages 21-22. Initial capitalisation of costs is based on management's judgement that the development scheme is confirmed, usually when Board approval has taken place including access to the appropriate funding. In determining whether a project is likely to cease, management monitors the development and considers if changes have occurred that result in impairment.

- **Pension and other post-employment benefits**

Until May 2016 staff were on various schemes, depending on when they joined the organisation. This included a final salary scheme, career average earnings and defined contribution. The final salary scheme and career average earnings schemes closed in May 2016. The pension scheme offered from May 2016 being a defined contribution scheme.

The minimum contribution levels set by law effective from April 2019 are as follows:

5 % Employee contribution, 3 % Employer contribution, 8% Total contribution

As EPIC pays an employer contribution of 5%; employees are required to pay a reduced contribution in order to maintain/attain the minimum contribution level; up to an optional maximum of 5% per annum.

The cost of defined benefit pension plans and other post-employment benefits are determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, future salary increases, mortality rates and future pension increases. Due to the complexity of the valuation, the underlying assumptions and the long term nature of these plans, such estimates are subject to significant uncertainty. In determining the appropriate discount rate, management considers the interest rates of corporate bonds in the respective currency with at least AA rating, with extrapolated maturities corresponding to the expected duration of the defined benefit obligation. The underlying bonds are further reviewed for

Notes to the Financial Statements

Principle Accounting Policies (continued)

quality, and those having excessive credit spreads are removed from the population bonds on which the discount rate is based, on the basis that they do not represent high quality bonds. The mortality rate is based on publicly available mortality tables for the specific sector. Future salary increases and pension increases are based on expected future inflation rates for the respective sector. Further details are given in note 16.

(d) Other key sources of estimation and assumptions

- **Tangible Fixed Assets**

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

(e) Turnover and revenue recognition

Turnover represents rental income receivable, amortised capital grant, revenue grants from local authorities and for its investment function Homes England, 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 letting, net of voids.

(f) Service charges

Service charge income and costs are recognised on an accruals basis. The Association operates both fixed and variable service charges on a scheme by scheme basis in full consultation with residents. Where variable service charges are used 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. Until these are returned or recovered they are held as creditors or debtors in the Statement of Financial Position.

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 long term creditors.

(g) Loan interest costs

Loan interest costs are calculated using the effective interest method of the difference between the loan amount at initial recognition and amount of maturity of the related loan.

- **Loan finance issue costs**

These are amortised over the life of the related loan. Loans are stated in the Statement of Financial Position at the amount of the net proceeds after issue, plus increases to account for any subsequent amounts amortised. Where loans are redeemed during the year, any redemption penalty and any connected loan finance issue costs are recognised in the Statement of Comprehensive Income account in the year in which the redemption took place.

Notes to the Financial Statements

Policies (continued)

(h) Taxation

The Association gained charitable status on 2 April 2008 and therefore its general activities fall outside the scope of the United Kingdom Taxation legislation. The Association is exempt for VAT purposes.

(i) Housing properties

Tangible fixed assets are stated at deemed cost or cost, less accumulated depreciation. The Association has elected to use a previous GAAP valuation of the housing properties as deemed cost on transition to FRS102.

All properties and land are freehold. Freehold land held for development is not depreciated.

Where a housing property comprises two or more major components with substantially different useful economic lives (UELs), each component is accounted for separately and depreciated over its individual UEL. Expenditure relating to subsequent replacement or renewal of components is capitalised as incurred.

The Association depreciates freehold housing properties by component on a straight-line basis over the estimated UELs of the component categories.

UELs for identified components are as follows:

	Years
Housing Structure	100
Roof	60
Windows	25
Bathrooms	30
Kitchens	20
Boilers	15
Heating Distribution Systems	30
Electrical Rewires	30
Solar panels	25

Other Tangible Fixed Assets

Depreciation is charged on other tangible fixed assets on a straight-line basis over the expected economic useful lives which are as follows:

	Years
Freehold Offices	50
Office furniture	10
Office equipment	4
Tools and equipment	2
Computer equipment	2
Capital computer equipment	5

The Association has elected to use a previous GAAP valuation of the freehold offices as deemed cost at transition to FRS102 in 2016.

(j) Capitalisation of interest and administration costs

No interest or administration costs are capitalised. There is potential to capitalise administration costs if directly attributable to development.

Notes to the Financial Statements

Principle Accounting Policies (continued)

(k) Property managed by other parties

Where the Association carries the majority of the financial risk on property managed by other parties, income arising from the property is included in the Statement of Comprehensive Income Account.

The assets and associated liabilities are included in the Association's Statement of Financial Position.

(l) Leasing

Payments for operating leases are charged to the Statement of Comprehensive Income on a straight line basis over the term of the lease.

(m) Investments

Investments held in subsidiaries are stated at cost less accumulated impairment and are included in fixed assets. Current asset investments include cash and cash equivalents invested for periods of more than 24 hours. They are recognised initially at cost and subsequently at fair value at the reporting date. Any change in valuation between reporting dates is recognised in the statement of comprehensive income.

(n) Short-term debtors and creditors

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the income statement in other operating expenses.

(o) Non-government grants

Grants received from non-government sources are recognised under the performance model. If there are no specific performance requirements the grants are recognised when received or receivable. Where grant is received with specific performance requirements it is recognised as a liability until the conditions are met and then it is recognised as turnover.

(p) Social housing grant and government grants

Where acquisitions have been financed wholly or partly by social housing and other grants, the amount of the grant received has been included as deferred income and recognised in turnover over the estimated useful life of the associated asset structure (not land), under the accruals model.

SHG must be recycled 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.

(q) Non-monetary government grant

On disposal of assets for which non-monetary government grants are held as liabilities in the Statement of Financial Position, the unamortised amount in creditors is derecognised and recognised as income in the Statement of Comprehensive Income.

(r) Recycling of capital grant

Where Social Housing Grant is recycled, as described above, the SHG is credited to a fund which appears as a creditor until used to fund the acquisition of new properties, where recycled grant is known to be repayable it is shown as a creditor within one year.

Notes to the Financial Statements

Principle Accounting Policies (continued)

(s) 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.

(t) Retirement benefits

The cost of providing retirement pensions and related benefits is charged to management expenses over the periods benefiting from the employees' services.

The Association participates in the Social Housing Pension Scheme ('SHPS'), a defined benefit multiemployer pension scheme administered by TPT Retirement Solutions ('TPT').

(u) Reserves policy

The Association is able to freely utilise the revenue reserves to further its objectives. In line with our approved Business Plan, we are currently utilising our reserves for improving our existing stock. When reviewing any opportunities we need to ensure that whilst fulfilling the Association's objectives and aims that they are also financially viable in the longer term.

(v) Financial instruments

All loans held by the Association are classified as basic financial instruments in accordance with FRS 102. They are measured at transaction price plus transaction costs initially; and subsequently at amortised cost using the effective interest rate method. Loans repayable within one year are not discounted.

Financial Assets

Trade and Other Debtors

Trade and other debtors (including accrued income) which are receivable within one year and which do not constitute a financing transaction are initially measured at the transaction price and subsequently measured at amortised cost, being the transaction price less any amounts settled and any impairment loss.

A provision for impairment of trade debtors is established where there is objective evidence that the amounts due will not be collected according to the original terms of the contract. Impairment losses are recognised in the Statement of Comprehensive Income for the excess of the carrying value of the trade debtor over the present value of the future cash flows discounted using the original effective interest rate. Subsequent reversals of an impairment loss that objectively relate to an event occurring after the impairment loss was recognised, are recognised immediately in the Statement of Comprehensive Income.

Financial Liabilities

Trade and Other Creditors

Trade and others creditors (including accruals) payable within one year that do not constitute a financing transaction are initially measured at the transaction price less any amounts settled.

All loans held by the Association are classified as basic financial instruments in accordance with FRS102.

Notes to the Financial Statements

1 Turnover, cost of sales, operating expenditure and operating surplus

2021				
	Turnover	Cost of sales	Operating expenditure	Operating surplus
	£	£	£	£
Social housing lettings (note 2)	4,657,118	-	3,125,189	1,531,929
Activities other than social housing	-	-	-	-
Total	4,657,118	-	3,125,189	1,531,929

2020				
	Turnover	Cost of sales	Restated Operating expenditure	Operating surplus
	£	£	£	£
Social housing lettings (note 2)	4,524,811	-	2,890,153	1,634,658
Activities other than social housing	-	-	-	-
Total	4,524,811	-	2,890,153	1,634,658

Notes to the Financial Statements

2 Turnover and operating expenditure

	General Needs 2021	General Needs 2020
	£	£
Income		
Rent receivable net of identifiable service charges	4,463,818	4,342,466
Service charges income	119,705	119,394
Net rental income	4,583,523	4,461,860
Sundry income	4,455	-
Total turnover from social housing lettings	4,587,978	4,461,860
Amortised government grants (Note 15)	69,140	62,951
Turnover from social housing lettings	4,657,118	4,524,811
Operating expenditure		
Management	1,554,363	1,380,445
Service charge costs	130,367	143,356
Routine maintenance	441,108	418,052
Major repairs expenditure	155,309	168,550
Bad debts	54,947	42,695
Depreciation of housing properties (Note 6)	789,095	737,055
Operating expenditure on social housing lettings	3,125,189	2,890,153
Operating surplus from social housing lettings	1,531,929	1,634,658
Void rental losses	41,751	25,827

3 Accommodation owned, managed and in development

	No. of properties		No. of properties	
	Owned 2021	Managed 2021	Owned 2020	Managed 2020
Social Housing				
Under Management at the end of the year:				
General needs housing – Social Rent	953	-	954	-
– Affordable Rent	173	-	165	-
– Intermediate	85	-	73	-
– Leasehold	20	-	20	-
General needs housing – In development	5	-	13	-
	1,236	-	1,225	-

4 Accommodation managed by others

EPIC owns property managed by other bodies.

	No of properties 2021	No of properties 2020
General needs – Social Rent	8	8

Notes to the Financial Statements

5 Interest and financing costs

	2021	2020
	£	£
Deferred benefit pension charge	8,000	21,000
Amortisation of Loan arrangement fees	62,914	64,711
Loan interest payable	220,712	156,334
	291,626	242,045

6 Surplus on ordinary activities

	2021	2020
	£	£
The operating surplus is stated after charging/(crediting):-		
Annual audit of the Association's financial statements	13,324	11,161
Fees payable to the auditor for other services to the Association:		
Taxation compliance services	-	-
Operating lease rentals – Office equipment	-	3,125
Depreciation of housing properties	744,650	737,055
Depreciation of other fixed assets	54,173	56,391
Amortisation of grant	(69,140)	(62,951)

7 Key Management Personnel

	2021	2020
	£	£
The aggregate emoluments paid to or receivable by Directors and the executive management team	388,834	368,618
The pension contributions paid to the key management personnel	18,463	17,469
The emoluments paid to the highest paid Director excluding pension contributions	120,339	118,327

The Chief Executive is an ordinary member of the pension scheme. The pension scheme offered from May 2016 was a defined contribution scheme funded by annual contributions by the employer and employee. No enhanced or special terms apply. There are no additional pension arrangements. A contribution by EPIC of £5,730 (2020: £5,634) was paid in addition to the personal contributions of the Chief Executive.

Key Management Personnel are defined as the members of the Board (who do not receive any remuneration) and the Chief Executive, Finance Director, Operations Director, Systems Manager, Compliance Manager and Asset Manager.

Notes to the Financial Statements

8 Employee information

	2021 No.	2020 No.
The average number of persons employed during the year expressed in full time equivalents (35 hours per week) was:		
Office staff	21	21
Wardens, caretakers and cleaners	-	-
Total employees	21	21
	£	£
Staff costs		
Wages and salaries	774,574	732,040
Social security costs	75,521	73,170
Other pension costs (Defined benefit & defined contribution treated as defined benefit)	46,321	43,553
Total Employee Costs	896,416	848,763
	No.	No.
Aggregate number of full-time equivalent staff whose remuneration exceeded £60,000 in the year		
£60,001 to £70,000	1	1
£80,001 to £90,000	1	-
£110,001 to £120,000	-	1
£120,001 to £130,000	1	-

Notes to the Financial Statements

9 Tangible fixed assets

	Social Housing Properties Completed £	Social Housing Properties Not Completed £	Land £	Freehold offices £	Office Furniture and equipment £	Total £
Cost or valuation						
At 31.3.20	44,186,088	1,244,925	26,000	109,604	527,178	46,093,795
Additions	-	1,690,953	-	-	-	1,690,953
Properties						
Additions						
Components	538,263	-	-	-	-	538,263
Component						
Replacements	(138,974)	-	-	-	-	(138,974)
Property						
Disposals	(37,967)	-	-	-	-	(37,967)
Transfer to						
Completed	2,448,837	(2,448,837)	-	-	-	-
At 31.3.21	46,996,247	487,041	26,000	109,604	527,178	48,146,070
Depreciation / impairment						
At 31.3.20	6,926,386	-	-	12,603	361,352	7,300,341
Charge for year	744,650	-	-	2,180	51,993	798,823
Components						
replaced	(97,533)	-	-	-	-	(97,533)
Property						
Disposals	(7,840)	-	-	-	-	(7,840)
At 31.3.21	7,565,663	-	-	14,783	413,345	7,993,791
NBV 31.3.21	39,430,584	487,041	26,000	94,821	113,833	40,152,279
NBV 31.3.20	37,259,702	1,244,925	26,000	97,001	165,826	38,793,454

	2021 £	2020 £
Components capitalised	538,263	878,133
Amounts charged to expenditure	155,309	168,550

Notes to the Financial Statements

10 Fixed asset investments

	2021	2020
	£	£
At 31.3.20	1	1
Additions in the year	-	-
At 31.3.21	1	1
Net book value 31.3.21	1	1
Net book value 31.3.20	1	1

The Company owns 100% of the issued share capital of EPIC Regeneration Services Limited, a company incorporated in England and Wales. This Company has aggregate capital and reserves of £1 and has been dormant since incorporation.

Under the provision of section 371 of the Companies Act 2006 the Association is exempt from preparing consolidated accounts and has not done so. Therefore these accounts show information about the Association as an individual entity.

11 Trade and other debtors

	2021	2020
	£	£
Rent arrears	118,354	99,153
Less: provision for bad debts	(100,677)	(72,710)
Other debtors	97,308	81,599
Prepayments and accrued income	1,657,609	382,611
Total	1,772,594	490,653

All debtors are due within one year.

12 Cash and cash equivalents

	2021	2020
	£	£
Money market investments	13,601	13,585
Cash at bank and in hand	2,448,846	3,454,116
Total	2,462,447	3,467,701

Included in the above is £102,443 (2020:£101,848) held on trust for Leaseholders.

13 Creditors: amounts falling due within one year

	2021	2020
	£	£
Trade creditors	127,601	145,099
Deferred capital grant (Note 15)	69,140	62,951
Rents and service charges paid in advance	201,106	189,657
Service charge balances held on behalf of leaseholders	102,443	101,714
Accruals and deferred income	409,969	267,816
Loans and overdrafts	286,315	279,444
Other creditors	937	937
Total	1,197,511	1,047,618

Loans are secured by housing properties, see note 24.

Notes to the Financial Statements

14 Creditors: amounts falling due after more than one year

	2021	2020
	£	£
Deferred Capital Grant (Note 15)	6,586,476	6,042,908
Loans	8,068,759	8,355,210
Recycled Capital Grant Fund	91,885	81,774
Total	14,747,120	14,479,892

Loans are secured by housing properties, see note 24.

15 Deferred capital grant

	2021	2020
	£	£
At 31.3.20	6,105,859	4,867,209
Grant received in the year	618,897	1,321,601
Grant transferred Re Property Disposals	-	(20,000)
Amortised in the year	(69,140)	(62,951)
At 31.3.21	6,655,616	6,105,859
Amount due to be released in less than 1 year	69,140	62,951
Amount due to be released after 1 year	6,586,476	6,042,908
Total	6,655,616	6,105,859

16 Provision For Liabilities – Social housing pension scheme

The Association participates in the Social Housing Pension Scheme (the Scheme), a multiemployer scheme which provides benefits to some 500 non-associated employers. The Scheme is a defined benefit scheme in the UK and administered by TPT retirement Solutions.

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 triennial valuation of the scheme for funding purposes was carried out as at 30 September 2017. This valuation revealed a deficit of £1,522m. A Recovery Plan has been put in place with the aim of removing this deficit by 30 September 2026. The SHPS Employer Committee and the SHPS Scheme Committee are preparing for the 2020 valuation.

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 financial years ending on or after 31 March 2019, it is possible to obtain sufficient information to enable the company to account for the Scheme as a defined benefit scheme.

Notes to the Financial Statements

Fair value plan of assets , present value of defined benefit obligation and defined benefit asset/ (liability)

	2021	2020
	£'000	£'000
Fair value of plan assets	3,143	2,687
Present value of defined benefit obligation	4,109	3,083
(Deficit)/ surplus in plan	(966)	(396)
Unrecognised surplus	-	-
Defined benefit (liability)/ asset to be recognised	(966)	(396)

Reconciliation of opening and closing balances of the defined benefit obligation

	2021	2020
	£'000	£'000
Defined benefit obligation at start of period	3,083	3,476
Current service cost	-	-
Expenses	4	4
Interest expense	72	83
Member contributions	-	-
Actuarial losses (gains) due to scheme experience	(66)	28
Actuarial losses (gains) due to changes in demographic assumptions	13	(28)
Actuarial losses (gains) due to changes in financial assumptions	1,022	(461)
Benefits paid and expenses	(19)	(19)
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	4,109	3,083

Notes to the Financial Statements

Reconciliation of opening and closing balances of the fair value of plan assets

	2021 £'000	2020 £'000
Fair value of plan assets at start of period	2,687	2,578
Interest income	64	62
Experience on plan assets (excluding amounts included in interest income) - gain (loss)	324	(20)
Employer contributions	87	86
Member contributions	-	-
Benefits paid and expenses	(19)	(19)
Assets acquired in a business combination	-	-
Assets distributed on settlements	-	-
Exchange rate changes	-	-
Fair value of plan assets at end of period	3,143	2,687

The actual return on plan assets (including any changes in share of assets) over the period from 31 March 2020 to 31 March 2021 was £388,000

Defined benefit costs recognised in the statement of comprehensive income (SOCI)

	2021 £'000	2019 £'000
Current service cost	-	-
Expenses	4	4
Net interest expense	8	21
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)	12	25

Defined benefit costs recognised in other comprehensive income (OCI)

	2021 £'000	2020 £'000
Experience on plan assets (excluding amounts included in net interest cost) - gain (loss)	324	(20)
Experience gains and losses arising on the plan liabilities - gain (loss)	66	(28)
Effects of changes in the demographic assumptions underlying the present value of the defined benefit obligation - gain (loss)	(13)	28
Effects of changes in the financial assumptions underlying the present value of the defined benefit obligation - gain (loss)	(1,022)	461
Total actuarial gains and losses (before restriction due to some of the surplus not being recognisable) - gain (loss)	(645)	441
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)	(645)	441

Notes to the Financial Statements

Assets

	2021	2020
	£'000	£'000
Global Equity	501	393
Absolute Return	173	140
Distressed Opportunities	91	52
Credit Relative Value	99	74
Alternative Risk Premia	118	188
Fund of Hedge Funds	-	2
Emerging Markets Debt	127	81
Risk Sharing	114	91
Insurance-Linked Securities	75	83
Property	65	59
Infrastructure	210	200
Private Debt	75	54
Opportunistic Illiquid Credit	80	65
High Yield	94	-
Opportunistic Credit	86	-
Cash	-	-
Corporate Bond Fund	186	153
Liquid Credit	38	1
Long Lease Property	62	46
Secured Income	131	102
Over 15 Year Gilts	-	-
Index Linked All Stock Gilts	-	-
Liability Driven Investment	799	892
Net Current Assets	19	11
Total assets	3,143	2,687

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

Key Assumptions

	2021	2020
	% per annum	% per annum
Discount Rate	2.21%	2.34%
Inflation (RPI)	3.22%	2.53%
Inflation (CPI)	2.87%	1.53%
Salary Growth	3.87%	2.53%
Allowance for commutation of pension for cash at retirement	75% of maximum allowance	75% of maximum allowance

The mortality assumptions adopted at 31 March 2021 imply the following life expectancies:

	2021	2020
	Life expectancy at age 65	Life expectancy at age 65
	Years	
Male retiring in 2021	21.6	21.5
Female retiring in 2021	23.5	23.3
Male retiring in 2041	22.9	22.9
Female retiring in 2041	25.1	24.5

Notes to the Financial Statements

17 Capital commitments

The table below shows the financial implications and sources of funding to deliver the signed contracts with Homes England.

	2021 £	2020 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements	10,773,433	260,810
Capital expenditure that has been authorised by the Board but has not yet been contracted for	-	3,805,000
Capital commitment	10,773,433	4,065,810

EPIC expects these commitments to be financed with:

Triodos loan facilities	10,300,000	2,663,000
Social housing grant (In line with spend)	-	1,142,000
Internally generated resources (Revenue reserve)	473,433	260,810
Total	10,773,433	4,065,810

18 Contingent liability

If EPIC were to withdraw from all forms of the Social Housing Pension Scheme it has been calculated that our debt on withdrawal would be £3,316,108. We have no plans to exit from the scheme at the present time.

19 Grant and financial assistance

	2021 £	2020 £
Total accumulated SHG received or receivable at 31 March:		
Held as deferred capital grant	6,914,041	6,295,144
Total	6,914,041	6,295,144

20 Related parties

EPIC Regeneration Services Limited, a company registered in England & Wales, is 100% subsidiary of the Association. EPIC Regeneration Services Limited was dormant throughout the current and previous financial year.

21 Surplus/ (deficit) on disposal

One house has been sold in the current financial year under the Right to Acquire (RTA).

	2021 £	2020 £
Sale Proceeds	90,710	172,500
Less:		
Associated selling fees	(641)	(2,553)
Write off cost (NBV)	(72,369)	(162,669)
Surplus on disposal	17,770	7,278

Notes to the Financial Statements

22 Recycled capital grant fund

	2021 £	2020 £
Opening balance of fund	81,774	70,000
Inputs: Grants recycled	-	46,774
Inputs/Withdrawals	10,000	(35,000)
Interest Accrued	111	-
At the end of the year	91,885	81,774

23 Loans

At the financial year end, EPIC had drawn down all of the initial £5m loan facility and £4m of the additional facility with Triodos Bank. The loans are secured against EPIC housing's stock, over a 25 year term, and are on a fixed interest basis.

	2021 £	2020 £
Maturity of debt		
In less than one year	286,315	279,444
In more than one year but less than two years	293,837	286,315
In more than two years but less than five years	928,633	904,860
In greater than five years	6,846,289	7,164,035
Total	8,355,074	8,634,654

24 Interest rate risk and exposure

As at 31st March 2021 the following amounts were drawdown and had been fixed on 20th March 2020:

Facility 1 - £4,533,576.98 - 2.553% - Fixed until 20/03/2030
 Facility 2 - £3,821,496.49 - 2.653% - Fixed until 20/03/2030
 Combined - £8,355,073.47

EPIC Treasury Management & Investment Policy sets out that when looking at any aspect of interest rate exposure, it is important to remember that overall interest rate risk management is about reducing risk and increasing certainty. It is not about best guessing or predicting the way interest rates will move. Following a review of the fixed rates available both loan facilities 1 & 2 with the Triodos Bank for £5m and £4m respectively were fixed for a period of 10 years on the 20 March 2020.

Any sensitivity analysis will be applied to all variable rate borrowing and to any fixed term borrowing after its maturity date, using market forecast rates.

The Board must approve the use of hedging instruments subject to the Rules of the Association and the regulators guidelines/approval. In such cases a hedging strategy must be prepared and appended to the Treasury Management & Investment Policy, which must state the type of instruments to be used, the value limits, the counterparties involved and the periods for which they will be in place.

The additional drawdown of £10.3m undertaken in April 2021 was also fixed for a period of 10 years as outlined in the section covering post balance sheet events.

Facility 3 - £5,000,000 - 2.779% - Fixed until 21/04/2031

Facility 4 - £5,300,000 - 2.879% - Fixed until 21/04/2031 (Interest only until April 2026)

Notes to the Financial Statements

25 Post balance sheet events

Purchase of Housing Stock

On the 10 May 2021, EPIC completed the purchase of 169 units and 1 satellite office from the Bromford Housing Group. The deposit of £1.19m was paid on 21 March 2021, and was accounted for within prepayments as at the year ended 31 March 2021.

The payment for the remaining balance of the purchase costs, of £10.7m, was paid on 7 May 2021. This was part funded by a drawdown of £5m, which was part of the initial loan facility with Triodos Bank, and an additional £5.3m loan facility, also with Triodos Bank. The facility of £5m was fixed at a rate of 2.779%, and the facility of £5.3m was fixed at a rate of 2.879%, both fixed rates end on 21 April 2031.

Regulatory Downgrade

On the 21 June 2021, post year end, EPIC was placed on the Regulator of Social Housing's Grading under review listing. Following this review, in August 2021 the Regulator Judgement was issued reflecting a downgrading of the Governance and Viability rating from G1V1(compliant) to G3 (non- compliant) V2 (compliant). In addition a regulatory notice was also issued in which the Regulator concluded that EPIC has failed to meet the requirements of the Home Standard.

Tenants' safety is EPIC's paramount concern and swift action has been taken to begin to resolve the weaknesses identified. EPIC acknowledges that these outcomes indicate that there are issues of serious regulatory concern and is working with the Regulator to address them.

