



# **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**

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

<b>Executive Officers</b>		
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
<b>Changes</b>		
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**

<b>Registered Office</b>	131-141 Ubberley Road, Bentilee, Stoke on Trent, Staffordshire, ST2 0EF
<b>Company Secretary</b>	D Glass appointed 26.07.22 formerly R Rance, S Kellock and prior to that L Gibbs
<b>Company No.</b>	3333405
<b>Charity No.</b>	1118644
<b>Regulator of Social Housing Registration No.</b>	L4167
<b>Auditor</b>	Beever and Struthers, St. George's House, 215-219 Chester Road, Manchester, M15 4JE
<b>Bank</b>	The Co-operative Bank plc, Birmingham Commercial Banking Centre, 118-120 Colmore Row, Birmingham, B3 3BA
<b>Key lender</b>	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 23<sup>rd</sup> 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 7<sup>th</sup> 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 1<sup>st</sup> 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
<b>Reinvestment %</b> <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%
<b>New supply delivered (social housing) as a % of total stock</b> <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%
<b>New supply delivered (Non social housing) as a % of total stock</b> <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
<b>Gearing %</b> <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%
<b>EBITDA – MRI (Interest Cover)</b> <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%
<b>Headline social housing cost per unit (£)</b> <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
<b>Operating Margin % Social Housing</b> <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%
<b>Operating Margin % Overall</b> <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%
<b>Return on capital employed (ROCE) %</b> <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
<b>Voids</b> <i>This measure illustrates the % rent lost through empty (void) stock %</i>	0.91	1.49
<b>Management cost per unit</b> <i>This metric shows the cost per unit incurred in managing our properties £</i>	1,270	1,460
<b>Service charge cost per unit</b> <i>This metric shows the service charge cost per unit £</i>	107	103
<b>Maintenance cost per unit</b> <i>This metric shows the average maintenance cost per unit</i>	482	892
<b>Rent Arrears</b> <i>This shows how % of rent arrears compared to rent charged %</i>	2.11	3.59
<b>Rent Receivable</b> <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 31<sup>st</sup> 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 31<sup>st</sup> 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 25<sup>th</sup> January 2022. The Board will be considering the update in respect to compliance with the 2015 code at the meeting on 19<sup>th</sup> 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 6<sup>th</sup> 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](http://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
<b>Operating surplus</b>		<b>1,068,900</b>	<b>1,549,629</b>
Interest receivable		(415)	47
Interest and financing costs	5	(529,817)	(291,626)
<b>Surplus before taxation</b>		<b>538,668</b>	<b>1,258,050</b>
Taxation		-	-
<b>Surplus for the year after taxation</b>		<b>538,668</b>	<b>1,258,050</b>
<b>Other comprehensive income</b>			
Actuarial gain/(loss) in respect of pension scheme	16	450,436	(644,906)
<b>Total comprehensive income for the year</b>		<b>989,104</b>	<b>613,144</b>

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 £
<b>Fixed assets</b>			
Tangible fixed assets	9	<b>51,060,911</b>	40,152,279
Investments in subsidiary	10	<b>1</b>	1
		<b>51,060,912</b>	40,152,280
<b>Current assets</b>			
Trade and other debtors	11	<b>489,065</b>	1,772,594
Investments	12	<b>13,608</b>	13,601
Cash and cash equivalents	12	<b>3,312,268</b>	2,448,846
		<b>3,814,941</b>	4,235,041
<b>Less: Creditors: amounts falling due within one year</b>	13	<b>(1,552,965)</b>	(1,197,511)
<b>Net current assets</b>		<b>2,261,976</b>	3,037,530
<b>Total assets less current liabilities</b>		<b>53,322,888</b>	43,189,810
<b>Creditors; amounts falling due after more than one year</b>	14	<b>(24,407,094)</b>	(14,747,120)
<b>Provisions for liabilities</b>			
Pension – defined benefit liability	16	<b>(451,000)</b>	(966,000)
<b>Total net assets</b>		<b>28,464,794</b>	27,476,690
<b>Reserves</b>			
Revaluation reserve		<b>9,426,346</b>	9,703,346
Revenue reserve		<b>19,038,448</b>	17,773,344
<b>Total Reserves</b>		<b>28,464,794</b>	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
<b>Surplus 2021/22</b>	<b>989,104</b>	<b>-</b>	<b>989,104</b>
<b>Right to Acquire Property Disposals (Reversal of Revaluation)</b>	<b>-</b>	<b>(1,000)</b>	<b>(1,000)</b>
<b>Transfer between reserves (excess depreciation)</b>	<b>276,000</b>	<b>(276,000)</b>	<b>-</b>
<b>Balance at 31 March 2022</b>	<b>19,038,448</b>	<b>9,426,346</b>	<b>28,464,794</b>

## Statement of Cash Flows

	Note	Year ended 31 March 2022 £	Year ended 31 March 2021 £
<b>Net cash generated from operating activities (see below)</b>		<b>3,361,292</b>	<b>1,085,378</b>
<b>Cash flow from investing activities</b>			
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
<b>Cash flow from investing activities</b>		<b>(11,820,750)</b>	<b>(1,519,562)</b>
<b>Cash flow from financing activities</b>			
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)
<b>Net change in cash and cash equivalents</b>		<b>863,429</b>	<b>(1,005,254)</b>
<b>Cash and cash equivalents at beginning of the year</b>		<b>2,462,447</b>	<b>3,467,701</b>
<b>Cash and cash equivalents at end of the year</b>	12	<b>3,325,876</b>	<b>2,462,447</b>
<b>Cash flow from operating activities</b>			
Surplus before taxation		538,668	1,258,051
<b>Adjustments for non-cash items:</b>			
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)
<b>Adjustments for investing or financing activities:</b>			
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)
<b>Net cash generated from operating activities</b>		<b>3,361,292</b>	<b>1,085,378</b>

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)
	<b>(5,892,627)</b>	<b>(8,989,273)</b>	<b>(14,881,900)</b>

## 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	-	-	-	-
<b>Total</b>	<b>5,422,580</b>	<b>-</b>	<b>4,457,983</b>	<b>964,597</b>

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	-	-	-	-
<b>Total</b>	<b>4,657,118</b>	<b>-</b>	<b>3,125,189</b>	<b>1,531,929</b>

## Notes to the Financial Statements

### 2 Turnover and operating expenditure

	2022 £	2021 £
<b>Income</b>		
Rent receivable net of identifiable service charges	5,198,283	4,463,818
Service charges income	157,806	119,705
<b>Net rental income</b>	<b>5,356,089</b>	<b>4,583,523</b>
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
<b>Turnover from social housing lettings</b>	<b>5,422,580</b>	<b>4,657,118</b>
<b>Operating expenditure</b>		
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
<b>Operating surplus from social housing lettings</b>	<b>964,597</b>	<b>1,531,929</b>
<b>Void rental losses</b>	<b>80,945</b>	<b>41,751</b>

### 3 Accommodation owned, managed and in development

	No. of properties		No. of properties	
	Owned	Managed	Owned	Managed
	2022	2022	2021	2021
<b>Social Housing</b>				
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	-
	<b>1,389</b>	<b>-</b>	<b>1,236</b>	<b>-</b>

### 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
	<b>529,817</b>	<b>291,626</b>

### 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 31<sup>st</sup> 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	-
<b>Total employees</b>	<b>19</b>	<b>21</b>

	£	£
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
<b>Total Employee Costs</b>	<b>740,534</b>	<b>896,416</b>

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 £
<b>Cost or valuation</b>						
At 31.3.21	46,996,247	487,041	26,000	109,604	527,178	48,146,070
Revaluation	-	-	<b>24,000</b>	-	-	<b>24,000</b>
Additions						
Properties	<b>11,945,768</b>	-	-	<b>78,442</b>	-	<b>12,024,210</b>
Additions						
Components	<b>218,231</b>	-	-	-	-	<b>218,231</b>
Component						
Replacements	<b>(70,624)</b>	-	-	-	-	<b>(70,624)</b>
Property						
Disposals	<b>(323,704)</b>	-	-	-	-	<b>(323,704)</b>
Transfer to						
Completed	<b>411,804</b>	<b>(411,804)</b>	-	-	-	-
<b>At 31.3.22</b>	<b>59,177,722</b>	<b>75,237</b>	<b>50,000</b>	<b>188,046</b>	<b>527,178</b>	<b>60,018,183</b>
<b>Depreciation / impairment</b>						
At 31.3.21	7,565,663	-	-	14,783	413,345	7,993,791
Charge for year	<b>978,734</b>	-	-	<b>3,402</b>	<b>51,993</b>	<b>1,034,129</b>
Components						
replaced	<b>(39,274)</b>	-	-	-	-	<b>(39,274)</b>
Property						
Disposals	<b>(31,374)</b>	-	-	-	-	<b>(31,374)</b>
<b>At 31.3.22</b>	<b>8,473,749</b>	-	-	<b>18,185</b>	<b>465,338</b>	<b>8,957,272</b>
<b>NBV 31.3.22</b>	<b>50,703,973</b>	<b>75,237</b>	<b>50,000</b>	<b>169,861</b>	<b>61,840</b>	<b>51,060,911</b>
NBV 31.3.21	39,430,584	487,041	26,000	94,821	113,833	40,152,279
					<b>2022</b>	<b>2021</b>
					<b>£</b>	<b>£</b>
Components capitalised					<b>218,231</b>	538,263
Amounts charged to expenditure					<b>753,353</b>	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
<b>Net book value 31.3.22</b>	<b>1</b>	<b>1</b>
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
<b>Total</b>	<b>489,065</b>	<b>1,772,594</b>

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
<b>Total</b>	<b>3,325,876</b>	<b>2,462,447</b>

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
<b>Total</b>	<b>1,552,965</b>	<b>1,197,511</b>

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)	<b>6,499,277</b>	6,586,476
Loans	<b>17,750,399</b>	8,068,759
Recycled Capital Grant Fund	<b>157,418</b>	91,885
<b>Total</b>	<b>24,407,094</b>	14,747,120

Loans are secured by housing properties, see note 23.

### 15 Deferred capital grant

	2022	2021
	£	£
At 31.3.21	<b>6,655,616</b>	6,105,859
Grant received in the year	<b>21,572</b>	618,897
Grant transferred Re Property Disposals	<b>(40,000)</b>	-
Amortised in the year	<b>(68,956)</b>	(69,140)
<b>At 31.3.22</b>	<b>6,568,232</b>	6,655,616
<b>Amount due to be released in less than 1 year</b>	<b>68,956</b>	69,140
<b>Amount due to be released after 1 year</b>	<b>6,499,276</b>	6,586,476
<b>Total</b>	<b>6,568,232</b>	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	-	-
<b>Capital commitment</b>	<b>-</b>	<b>10,773,433</b>

### 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
<b>Total</b>	<b>-</b>	<b>10,773,433</b>

### 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 31<sup>st</sup> 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
<b>Total</b>	<b>6,895,614</b>	<b>6,914,041</b>

### 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)
<b>Surplus on disposal</b>	<b>104,303</b>	<b>17,700</b>

## Notes to the Financial Statements

### 22 Recycled capital grant fund

	2022	2021
		£
<b>Opening balance of fund</b>	<b>91,885</b>	81,774
Inputs/Withdrawals	<b>65,000</b>	10,000
Interest Accrued	<b>533</b>	111
<b>At 31.3.22</b>	<b>157,418</b>	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
	£	£
<b>Maturity of debt</b>		
In less than one year	<b>457,378</b>	286,315
In more than one year but less than two years	<b>469,027</b>	293,837
In more than two years but less than five years	<b>1,685,975</b>	928,633
In greater than five years	<b>15,595,397</b>	6,846,289
<b>Total</b>	<b>18,207,777</b>	8,355,074

### 24 Interest rate risk and exposure

As at 31<sup>st</sup> March 2022 the following amounts were drawdown and had been fixed on 20<sup>th</sup> 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.

