Futures
Housing Group

Registered with charitable rules under the
Co-operative and Community Benefit Societies Act 2014
Registration number RS008973
Registered by the Regulator of Social Housing Ltd L4498

Futures Homeway Limited

Annual report and financial statements

Year ended 31 March 2023

Futures Homeway Limited
Year ended 31 March 2023

Contents

Board members, advisors and bankers

Board		**Appointed**	**Resigned**
Chair (Appointed as chair 21 May 2019)	Mike Stevenson	26 January 2016	
Vice Chair	Sheila Hyde	21 March 2017	31 March 2023
	Mary Daunt	1 April 2023	
Other Members	Lindsey Williams	16 December 2015	
	Stephen Hale	16 December 2015	27 July 2022
	Ray Harding	26 January 2016	
	Timothy Slater	19 July 2017	
	David Brooks	19 July 2017	
	Mary Daunt	22 May 2018	
	Ciara McMillan	6 November 2018	
	Peter Burke	10 August 2020	
	Sheila Hyde	16 December 2015	31 March 2023
	Samantha Veal	8 December 2021	
	Laurice Ponting	1 March 2023	

Company Secretary Ian Skipp

Registered office
Futures House
Building 435, Argosy Road
Castle Donington
Derby
DE74 2SA

Registration numbers
Registered under the Co-operative and Community Benefit Society Act 2014; No: 8973
Regulator of Social Housing number: L4498

External auditor
BDO LLP
Two Snowhill
Birmingham
B4 6GA

Solicitors
Anthony Collins Solicitors LLP
134 Edmund Street
Birmingham
B3 2ES

Bankers
NatWest Bank
1 Chesterfield Road
Alfreton
Derbyshire
DE55 7ZR

Strategic report

The Board of Futures Homeway Limited ('the association' or FHW) presents its report together with the audited financial statements for the year ended 31 March 2023.

Legal status

FHW is a not for profit organisation. It was incorporated 10 April 2006 as a company limited by guarantee and converted to a Community Benefit Society under the *Co-operative and Community Benefit Societies Act 2014* on 8 November 2022. It is also registered with the Regulator of Social Housing (RSH) as a housing provider. The association was formed to take the transfer of 3,101 properties in November 2007 from Daventry & District Council. It is a wholly owned subsidiary of Futures Housing Group Limited ('the Group' or FHG).

During the year, FHW's principal activities were the management and development of social housing. At 31 March 2023, FHW owned 3,440 housing properties (2022: 3,432) for social or affordable rent and shared ownership. 886 of these homes are supported housing, which include a visiting and lifeline service.

FHW operates primarily within the Daventry area and provides a range of neighbourhood and specialist services to customers including a repairs service, community lifeline and community support, housing and homeless agency and disabled adaptations.

Working in partnership allows the Group to provide the benefits and economies of scale and capacity that a large organisation brings, while allowing each company to retain a strong focus on local delivery.

Back office services are provided by FHG. These include finance, human resources, information technology and procurement. It also provides services in respect of strategic asset management and development.

FHW's vision and purpose is in line with that of the Group which is explained in the following sections, along with an overview of the Group's corporate plan objectives and a value for money self-assessment.

Futures Homeway Limited
Year ended 31 March 2023

Strategic report (continued)

Our vision

The Group is currently operating within its 2020-23 corporate plan, which has been extended for 2023-24 and has the vision:

Great places **Great services** **Great tomorrows**

Our plan has four corporate objectives:

Customer-centric

- Ensure the safety of our customers and the homes we provide for them.
- Use technology and data to improve our services.
- Involve and engage customers more in what we do.
- Improve customer satisfaction in clearly measurable ways.
- Make it effortless for customers to deal with us - such as through offering better digital systems.
- Help customers who are struggling to stay in their homes by offering more support with work, financial and health problems.

Growth and development

- Create partnerships and relationships to sustain and grow development activity and services across the region.
- Start construction on 1,200 new homes across the East Midlands, aiming to complete 300 a year.
- Offer lots of choices to our customers, including shared ownership, market rent and sale but with a big emphasis on affordable homes such as social rent, affordable rent, shared ownership, rent-to-buy.
- Increase the number of land-led and package-deal property development schemes.
- Take on larger, mixed tenure development schemes than we have before through joint ventures and partnerships.
- Test new methods of construction with a view to improving efficiency, costs, and environmental performance.

Sustainability

- Explore ways to make our homes more affordable for our customers.
- Improve public areas that we are responsible for.
- Improve the energy performance of our customers' homes and our organisation as a whole.
- Supporting the local economy.

Culture

- Continue to modernise and transform how we work through digital technologies and continuous improvement.
- Increase automation of services and processes so our teams can focus on looking after our customers.
- Have great systems and good data about our customers to help us be more efficient and get things right first time.
- Look after our workforce, develop talent and ensure our teams feel truly involved in our work.

Strategic report (continued)

Purpose

The Group's purpose is to create great places, provide quality services with great people and inspire better futures for customers and team members. Building on a proud history as a quality housing provider, the Group is on an exciting journey to revolutionise what it does and how it does it. It continues to be a key partner in the markets it serves. The most important part of that journey is putting customers at the heart of everything it does and by giving them effortless experiences delivered by agile and innovative team members who embrace change and new technology.

The Group uses smarter customer insight to constantly improve what it does, while seeking ways of being more efficient so better value for money can be delivered. At the same time as revamping services, teams are building on their strengths and expertise by ensuring the Group's culture and values are lived and breathed by every team member.

The Group has a corporate plan to develop new homes, ensuring existing homes are safe and secure for customers, supporting customers to maintain their tenancies and investing in sustainability measures.

Providing homes for people will always be the core purpose but the Group will also provide more to customers by giving them the chance to learn new skills and get new jobs through in house training and apprenticeship opportunities. FHG has strong financial foundations, talented and innovative teams, a clear plan for growth and a desire to go from being good to great.

Employees

The strength of the Group lies in the quality and commitment of its employees. In particular our ability to meet objectives and commitments to customers efficiently and effectively depends on their contribution. The Group provides information on its objectives, progress and activities through regular briefings and team meetings. The Group is committed to equal opportunities for all its employees.

Customer involvement

The Group actively encourages customer involvement in decision-making by promoting more formal engagement mechanisms. The Boards of the principal operating companies within Futures Housing Group Limited have established effective reporting arrangements between customers' representative bodies and the Boards including the Insight Committee.

Delivery of the objectives is underpinned by a number of strategies and actions, which are detailed in the Value for Money (VFM) report in the Futures Housing Group Limited financial statements.

Strategic report (continued)

Financial performance

The table below summarises the financial performance over the past five years.

	31 March 2023 (£'000)	31 March 2022 (£'000)	31 March 2021 (£'000)	31 March 2020 (£'000)	31 March 2019 (£'000)
Statement of comprehensive income					
Total turnover	20,600	20,638	18,603	18,100	16,891
Operating expenditure	(15,755)	(14,976)	(12,925)	(12,062)	(11,033)
Revaluation (loss)/gain	(147)	295	(3)	(36)	533
Surplus on sale of housing properties	605	401	192	732	447
Operating surplus	**5,303**	**6,358**	**5,867**	**6,734**	**6,838**
Operating profit percentage	26%	31%	31%	37%	40%
Surplus for the year transferred to reserves	3,415	4,165	1,243	5,484	3,599

	31 March 2023 (£'000)	31 March 2022 (£'000)	31 March 2021 (£'000)	31 March 2020 (£'000)	31 March 2019 (£'000)
Statement of financial position					
Fixed assets	100,441	95,902	89,649	82,286	74,022
Net current assets	36,033	48,259	24,945	19,417	10,410
Total assets less current liabilities	136,474	144,161	114,594	101,703	84,432
Creditors (due over one year)	(121,782)	(131,199)	(104,239)	(93,956)	(80,307)
Pension liability	-	(1,685)	(3,243)	(2,006)	(3,869)
Cumulative reserve adjustment	-	-	-	129	-
Revenue reserve	14,692	11,277	7,112	5,870	256

Further information on Group-wide financial performance, along with non-financial key performance indicators, can be found in the Group financial statements.

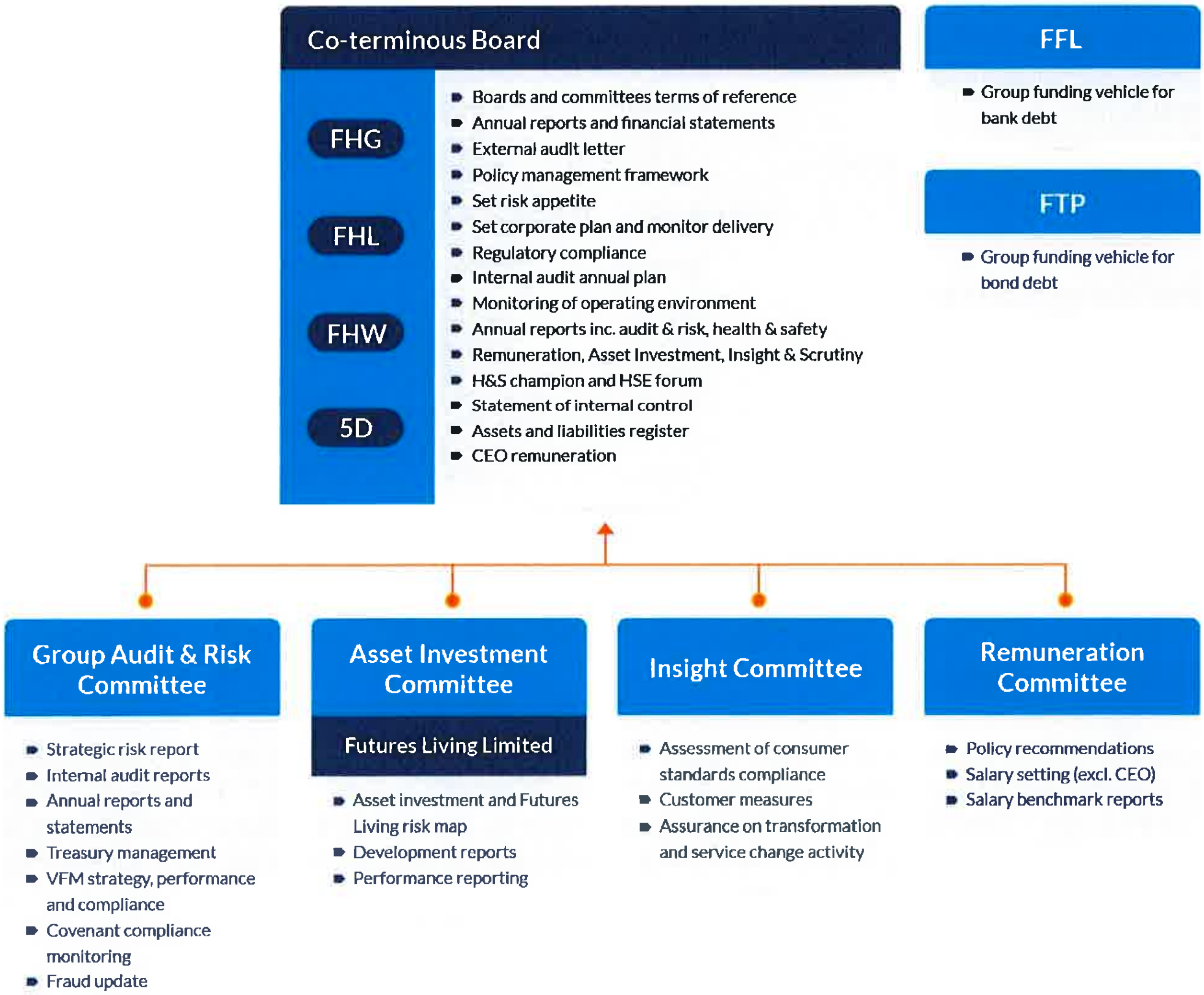
Value for money (VFM)

The purpose of this statement is to evidence how the board continues to embed the Regulator of Social Housing's VFM standard (*Value for Money Standard - April 2018* and *Value for Money Code of Practice - April 2018*) within FHG. Please refer to the Group's financial statements for the full VFM statement that reports on historical performance against targets and forward-looking targets and activities.

Strategic report (continued)

Governance

The Group has a Co-terminous Board, consisting of the boards of FHL, FHW, FHG and 5D. The diagram below shows the governance structure and assurance map.



To support the Executive Team and Boards, there is a Co-Executive Team comprising of the Executive Team and other directors and senior managers across the business. This team meets monthly to drive and scrutinise performance. Strategy steering groups also drive strategy implementation.

Strategic report (continued)

External environment

Regulator of Social Housing

The Regulator of Social Housing is the housing regulatory arm of the government. Its role is to regulate registered providers of social housing to promote a viable, efficient and well governed social housing sector able to deliver homes that meet a range of needs.

Regulatory framework

The regulatory framework for social housing is made up regulatory standards that are classified as either economic or consumer. In addition there is a code of practice that registered providers need to comply with that supports the economic standards.

The Group continues to operate to the highest standards and its Boards can demonstrate that they manage the Group under the principles of co-regulation underpinned by a robust governance framework. Following an in-depth assessment in 2021, the Group has continued to maintain the highest G1/V1 regulatory rating, with the next assessment taking place in 2023-24.

Government legislation

The Board has fully engaged with the themes in the *Social Housing (Regulation) Bill* which introduced a new charter of what social housing residents should expect from their landlord and has expectations that their voices are listened to. The Group is compliant with all of its requirements and has started to report on tenant satisfaction measures as well as increasing the complaints team to allow FHG to learn from increased customer complaints as a result of the new consumer regulation regime.

The Group is also compliant with the *Building Safety Act* which introduces a new regulatory regime, overseen by the Health and Safety Executive, to enhance the fire and structural safety of new and existing residential buildings. FHG does not have any high-risk buildings taller than 18m or 7 storeys, but has prioritised other fire safety measures such as accelerating works to improve fire compartmentation for adjoining homes and installing new fire doors. All new developments are compliant with the new requirements with a three phase 'gateway' approach to ensure that at the end of each key development stage (planning, construction and handover), all building safety aims are achieved before starting the next stage.

Other health and safety

The Group has a comprehensive framework to ensure compliance with statutory responsibilities for fire safety, gas safety, lift safety, legionella, asbestos and electrical safety, whether stock is owned, managed or leased. The Asset Investment Committee overseas the health and safety compliance, as well as there being a health and safety forum and a Repairs and Assets Group. Information is also reported to the Group Board.

In response to *Awaab's Law*, which is going through consultation, FHG have increased resources for the frontline and Assets team to ensure any health & safety issues are prioritised. Any Damp, Mould & Condensation complaints are investigated quickly and if any high category issues are identified, tenants are offered the option to be rehoused until the issue is repaired.

Future Homes Standard

This new legislation will be introduced by 2025 and we expect that there will be a requirement that all new build homes should be future proofed with low carbon heating and leading levels of energy efficiency. Building regulations will be changed to ensure that this can be enforced. The Group has sufficient capacity in its business plans to ensure that all of the new build programme complies with the new regulations and all new properties are built to at least Energy Performance Certificate ('EPC') B standard.

Affordable Homes Programme

£171 m of grant was awarded to the strategic partnership between Futures Housing Group Limited, Midland Heart and East Midlands Housing, under the new Affordable Homes Programme. This provided the Group with an additional £21.8m in funding that is being used towards delivering 500 new homes to local and surrounding areas.

Half of the programme will be for affordable home ownership and a new model has been introduced that allows customers to purchase a minimum of 10% equity in their home as compared to 25% under the previous regulation. In addition it will allow owners to purchase further shares in smaller instalments of 1 %. A new allowance for responsive repairs is also provided in the new model so that new owners will qualify for a ten-year repair free period during which the Group will cover the cost up to £500 a year. The Group has modelled the financial implications of this new model on its business plans and ensured there is sufficient capacity within the plans to fund the requirements of the new model.

Right to shared ownership

For homes built under the new Affordable Homes Programme, people living in rental accommodation will have a right to shared ownership so they may choose to buy a percentage tranche of their home, starting from a minimum of 10%.

ESG (environmental, social, governance)

The Group complied with the Streamlined Energy and Carbon Reporting (SECR) regulations, which is reported in the Group accounts. As well as complying with the SECR regulations, the Group has adopted the Sustainability Reporting Standard for Social Housing and produced its first report during the year. Sustainability reporting is relevant to the Group's investors and is a key tool to demonstrate the Group's delivery on the *Social Housing (Regulation) Bill* expectations, *Future Homes Standard* and *Energy White Paper*. More on this topic is included in the Group financial statements.

Strategic report (continued)

Rent policy

Due to the high inflation rates the Government has capped the permitted rent increase formula to 7% for 2023-24 (previously it was CPI plus 1%). FHG applies the permitted rent tolerances to the calculation of social rents, being 5% for social rents and 10% for supported housing. For those customers not already at full target rent plus tolerance, their rents were increased in line with the rent cap however a review of affordability to our customers is undertaken each year before any rent increases are proposed to Board.

As part of the tenant consultation, the rationale for using rent flexibilities has been assessed and approved by the Group's Customer Insight Committee. The flexibility supports numerous services and activity lines delivered by the Group that require investment to be made and have direct benefit to customers. These initiatives include money advice, employment and training, digital services, lifelines, tenancy sustainment support services and increased housebuilding. Capacity is also created to help fund future environmental and sustainability investments in existing homes.

The Group continues to help customers with a focus on debt prevention and has delivered exceptional rental arrears performance by working closely with affected customers and implementing a new system to highlight customers who may be at risk earlier on.

Risk and uncertainties

The main risks that may prevent the Group achieving its objectives are considered and reviewed annually by the Board as part of the corporate planning process. They are also monitored during the year by the Audit & Risk Committee. The risks are assessed in terms of their impact and probability. Major risks, presenting the greatest threats to the Group, are included in a corporate risk map, while other risks are included in operational based risk maps. The Group's approach to risk is not intended to eliminate risk but to identify, prioritise and manage key risks to support corporate objectives.

Strategic report (continued)

Corporate risks

The key corporate risks are outlined in the following table.

Risk	Current controls and sources of assurance
Increasing arrears or reducing cash receipts Risk of loss of cash through non-payment of rent that may affect the Group's ability to deliver its strategic objectives detailed in the new Corporate Plan.	▪ ***The Board monitors arrears performance quarterly***. Tactical oversight is through the Co-Executive with reporting to Group Directors. ▪ ***The Co-Executive monitor developments in the Government's Welfare Reform agenda*** and report key issues to the Board and Group Directors. ▪ The Group's **Money Advice Model** focuses on financial inclusion and capability. Digital self-serve and a direct phoneline through to Money Coaches offers instant solutions, whilst an intensive support element is available for customers identified as needing longer term assistance. Proactive contact for all customers making a Universal Credit claim supports a preventative approach to changes in customers circumstances that are a key driver for rent arrears. ▪ All customers have been risk assessed (H/M/L) for rent arrears. These risk assessments have been used to forecast UC arrears. ▪ Strong networking and partnership relationships exist across the Group where UC is live with the DWP and Job Centre. The Income Team liaises with DWP and utilises the DWP's 'landlord portal' to maintain visibility around UC payments. ▪ The internal audit programme includes assurance reviews of rent arrears management / Welfare Reform. ***'Significant' assurance 2018/19.*** **Rent Arrears and Income Internal Audit completed in 2021** – ***'significant assurance with minor improvements'.*** ▪ The Finance Team undertake ***daily cash flow monitoring*** with ***quarterly review by the Board / Group Audit and Risk Committee.*** ▪ **Business Plans** are updated to reflect Government policy with ongoing **stress testing** for further reductions. ▪ Bad debt provision is reviewed through the annual budget setting process and reflected in the **Business Plan**. ▪ Customers who are able to seek employment are referred to the ***Employability Officer***. ▪ The housing management system (Orchard) includes capacity to: ▪ ***record UC related information and transactions;*** ▪ ***record UC direct payments (applicable from 8 weeks arrears); and*** ▪ ***utilise balance trends enabling the Group to profile its income collection.*** ▪ The **Income App** ***enables real time data capture*** in the field. This reduces preparation time and increases engagement time with customers. ▪ **Rent Arrears** report was ***considered by Board in November 2020*** – key risks included a rise in bad debt and rent arrears and a rise in unemployment in the event of the furlough scheme ending. ▪ Rent increases have been managed ***by lifting the charges directly in Orchard therefore reducing the risk of error***. Due to a more concise process the risk of new tenancies, voids and terminations being missed is also reduced.

Strategic report (continued)

Corporate risks (continued)

Risk	Current controls and sources of assurance
Supply chains, materials and resource uncertainties arising from political uncertainty Uncertainties include: ▪ Currency fluctuations impact adversely on the supply chain with increases in the cost of goods and services and difficulties in obtaining products ▪ A UK skills shortage in construction and social care / support could increase development and maintenance costs ▪ Materials and labour shortages could delay repairs and increase rent loss on void repairs ▪ Reduced credit rating / access to affordable debt ▪ Lack of consumer confidence resulting in a slowing housing market, revisions to housing policy and reduced access to external funding and ineffective delivery of the Development programme ▪ Corporate Plan and Business Plan ineffective delivery and subsequent exposure to regulator ▪ A recession could increase the demand for social housing, including homelessness ▪ Adverse economic conditions could reduce tenants' ability to pay their rent and/or maintain SO mortgage payments	▪ The Group Directors and co-executive team monitor ***supply chain exposure.*** Key developments are also reported to the Board and Group Audit and Risk Committee for review. ▪ **A supply chain assessment is being undertaken** to establish exchange rate movement exposure. The Group operates a *supply chain framework* for materials with annual price increases linked to CPI. Other supplier price increases can be mitigated using other framework contractors. Risks regarding Development supply Chains have been highlighted to the Asset Investment Group. ▪ Materials used in elemental works planned maintenance are provided by the Group through its **materials supply chain**. Travis Perkins (TP) equates to >90% of materials provision and their decision to stockpile will be based on their own commercial needs and the wider impact of Brexit on the UK economy. The Group has started liaising with Regional Directors to understand the policy and potential extent. TP imports c. 20% of its materials / supplies from the EU. The Group does not currently operate an official materials store. ▪ In the event of shortages ***FHG would reduce services to maintain statutory and regulatory compliance and use available properties to house customers safely.*** ▪ Build costs / outright sales prices: The Board has approved ***financial parameters*** which are monitored. The Group will not usually undertake schemes which breach parameters. Where costs rise / sales prices fall, and where the parameters will not be met, **Group Directors and the Asset Investment Committee** will be monitor these schemes. If required, the Board will also review the **Development strategy**. Existing Development controls include reporting of ***performance measures*** to AIC and ***financials*** to Board. ▪ The Group ***continues to monitor social housing demand.*** ▪ Stress testing of **Business Plans** has included modelling the impact of adverse Brexit conditions. ▪ ***Stress Testing workshop*** undertaken by Board in November 2021 ***with external support*** – **summary report received by Board** in January 2022. ▪ ***Development scheme risk assessments in place that include ongoing credit reference check for contractors.*** ▪ As a result of the conflict in Ukraine, the following areas have been reviewed to understand their impact on the Group. This has included reviewing: ▪ ***Whether the Group has any contracts with suppliers sourcing goods/services from Russia*** ▪ ***Whether any of the Group's investors are Russian*** ▪ ***If the Group has any data held in or processed through Russia*** ▪ ***Whether there is a risk to any materials or supplies that come through Ukraine*** ▪ ***Considering whether any staff affected such as those that have family in affected areas***

Corporate risks (continued)

Risk	Current controls and sources of assurance
Information governance Failure to have in place robust information governance arrangements Leading to the inability to efficiently access/use data and information, compromises of information, non-compliance with our legal and regulatory obligations. These include: GDPR and Data Protection Act 2018, PCI DSS CCTV Code of Practice 2020 Cyber Essentials+ Resulting in regulatory interest inefficient processes, data quality issues and working arrangements, financial penalty, reputational damage and business interruption.	▪ The Group has in place a ***Lead Data Protection Officer*** to ensure the continued compliance of GDPR across the Group and an ***Information Governance Coordinator*** and an ***Information and Security Manger*** to lead in the development appropriate information and security data management. ▪ All staff receive mandatory ***GDPR awareness training*** as part of their induction and every 2 years during their employment. ▪ ***Data quality training*** in place for team members who have a high degree of exposure to personal and sensitive data and information. ▪ ***Data Protection Impact Assessments (DPIA)*** are carried out for all new/amended systems or processes with high privacy risks. ▪ The Group works with external solicitors and advisors who provide ***legal advice*** and support. ▪ ***GDPR risk and progress updates*** are reported quarterly to Co-Executive, and 6-monthly to Group Audit and Risk Committee and the Board. ▪ The Group's Information Governance Forum meet regularly to discuss relevant risks and controls around information and data. ▪ **Project Halo** – aimed at improving the confidence in both the quality of the Group's data and how it is governed and secured. ***Halo update to Audit and Risk Committee in November 2022 and Board March 2023.*** ▪ **Data Protection internal audit completed in October 2022 – *'significant assurance with minor improvements'.*** ▪ Work is underway to develop **'FLEGAL plus'** (including issues of damp, mould and condensation) and more ***detailed reporting on fire risk assessments*** as a result increasing focus on consumer regulation and focus from the Housing Ombudsman.
Economic climate The macro and micro economic climate may increase pressure on the Group's existing services. This could result in an increase in businesses being unable to cope with further lockdowns and restrictions leading to supply chain issues. Inability to deliver the Group's strategic objectives detailed in the new Corporate Plan. Increases in homelessness resulting in increased reliance on services.	▪ The Board and Group Audit and Risk Committee monitor a range of key ***economic metrics*** quarterly (see Risk Update). ▪ ***Business plans*** are prepared using 'key rules for effective financial management', as detailed in the ***budget report*** approved by the Board. These include having spare facility headroom to cope with potential adverse economic conditions with no dependency on sales income to meet loan covenants and business plan assumptions. ▪ ***Quarterly stress testing of Business Plans*** assess the impact of adverse economic conditions on loan covenants / ongoing viability. ▪ **Contractor financial resilience is assessed for all new suppliers**. ▪ Drawn down agreed loan facilities to maximise our liquidity. Board approved bringing forward issue of £50m retained Bond. ▪ **Budget and Business Plan** including a stress testing resilience plan was approved by Board 29/03/2023. ▪ Procurement have been working with lead officers to **identify critical contractors and fall back plans have been developed** to ensure the Group's supply chain is resilient. ▪ ***Stress Testing workshop*** undertaken by Board in November 2021 ***with external support*** – **summary report received by Board** in January 2022. ▪ ***Stress Testing Resilience Plan*** – report to Board in May 2023.

Strategic report (continued)

Risk	Current controls and sources of assurance
Government policy Government policy has an adverse impact on the companies' operations and / or finances. This includes an inability to access future government funding. Resulting in the inability to deliver the Group's strategic objectives detailed in the new Corporate Plan.	▪ The Co-executive monitor developments in Government policy, including bidding rounds and Chancellor Statements and report key developments / actions to the Board and Group Directors for example VRtB. ▪ Known and anticipated changes to Government policy are incorporated into budgets and business plans which are stress tested and then reviewed and approved by the Board, with decisions recorded in minutes. ▪ Regular reporting to the Board / Group Audit and Risk Committee on actual and expected policy changes including mitigating actions. ▪ Internal audit of budget setting and approval processes – General Ledger and Budgetary Control internal audit 2021/22– 'substantial' assurance'. ▪ The Group has historically been successful in Homes England grant funding bids and future funding is sought through continuous market engagement. Grant levels are currently increasing supporting scheme viability and/or options for tenure mix. ▪ Work on tenure diversification continues to progress. This incorporates the Government's expectation of utilising the asset base of the Group to deliver more social housing. ▪ The Board sets the Group's strategic direction to incorporate the ability to be a partner of choice with Homes England. ▪ The Group has responded to the Building a Safer Future: Proposals for Reform of the Building Safety Regulatory System consultation via the NHF. Board, Exec and Co-exec paper (January 2021) – detailing the Group's readiness. This was followed by a specific session with Insight Committee (April 2021) to give assurance that FHG met the principals set out. Co-Exec facilitated session (May 2021) outlining key consideration for areas in the Group and actions required. Four further sessions with Insight Committee (May – August 2021) to formulate a customer led Action Plan to meet the elements set out in the paper. Joint Board and Insight Committee away day (October 2021) that led to further recommendations and the Asset Investment Committee noted the Group's response to the Planning for the Future White Paper at their meeting (October 2022), prior to submission. An Action Plan was then proposed to Insight Committee (January 2022) and work is now taking place against the plan. ▪ Futures responded to the consultation of the Tenant Satisfaction Measures following internal consultation with customers (My Voice), co-executive and our customer survey provider IFF. Futures already reports on the vast majority of measures proposed and adjustments were made to enable reporting to commence from 01/04/2023.

Strategic report (continued)

Risk	Current controls and sources of assurance
Resource planning Inappropriate planning of staff resources required to meet the strategic direction of the Group, along with not identifying the resources and skills needed to run departments and projects. Leading to service failure / complaints / and the failure to deliver strategic aims. Resulting in regulatory issues (this extends to Group growth or contraction plans and the associated need to restructure).	▪ Resource planning is owned by the co-executive team and reviewed and discussed quarterly with the Group Directors. Approval for additional resource is sought via a business case to the Group Directors in line with the Financial Regulations. ▪ The Group operates a resource planning approach which focusses on planning for specific key business scenarios such as business growth, impact from the external environment and other internal reviews to deliver the corporate objectives (e.g. transformation output). ▪ The annual budget setting process is informed by the resource plan which assesses current and future resource requirements necessary to deliver services / projects and strategies. As workstreams are progressed, implications for staff resource levels are monitored. ▪ Internal audit reviews comment on resourcing and succession planning matters, where appropriate. ▪ Reward and recognition is reviewed as part of a triennial benchmarking review. This review helps to ensure that the employee reward remains competitive and key partners are retained. The Group Directors consider report outcomes at meetings before making decisions. ▪ The development of a high-level skills matrix sets out the core skills and capabilities for each role and underpins future resource planning. This also ensures that team members have the right skills and that suitable training and development arrangements are in place. The People Services Transformation project and ongoing resource planning work will further develop this. ▪ The Group's Resource Plan has been reviewed by the Co-Executive and Group Directors (alongside budgets) to address any additional skills or headcount requirements to subsequently inform the annual budget setting exercise on forecasted resources. Board approved the 2023/24 budget at their meeting on 29/03/2023. ▪ The Group were awarded IiP platinum in June 2021. ▪ Internal audit of HR and Recruitment – 'significant assurance with minor improvements'.

Risk	Current controls and sources of assurance
Failure to achieve environmental and sustainability targets and aspirations through the alignment of Development, Asset Management and Asset Maximisation activities and resources. Leading to: ▪ Non-compliance with regulatory targets. ▪ The inability to maximise funding opportunities through ESG reporting. ▪ The inability to maximise grant funding due to resource and inaccurate asset data. ▪ Tensions between appetite to develop over maximising assets. ▪ Inaccurate short and long term financial forecasting and business plan stress testing. Resulting in: ▪ Regulatory oversight and censure. ▪ Increased borrowing costs and the inability to secure future, additional borrowing and resourcing C. ▪ Capacity issues within the business creating increased risk of Corporate Plan failure. ▪ Negative impact on other business activities.	**Development** 3-tiered approach. ▪ Land only – we can build to new 2025 building regs. ▪ Package deals – we can influence developers ▪ S106 (50% of our new houses) – we accept what we are given. **Assets** ▪ Targeting EPC 'c' 2030: Savills undertaking review of FHG asset data and will set out options for the Group to be able to achieve EPC 'c' by 2030, and new zero carbon by 2050 . ▪ Development of disposal programme for poor performing properties and consideration of alternative tenancies such as shared ownership to assist in raising capital. **Asset Maximisation** ▪ Review of Asset Maximisation resources and capacity within the Group underway. ▪ ***Internal audit of Asset Maximisation 'advisory' report considered by the Audit and Risk Committee in April 2023.*** **Customers and Culture** ▪ Money Advice Service. ▪ Employability Service. ▪ Tenancy Sustainability – merged with Income Services. ▪ The Group's ***Sustainability Strategy*** was approved by the Board on 02/04/2022. The delivery of this strategy is overseen by the **Sustainability Strategy Steering Group.** ▪ The Group's first ***environment, social and governance (ESG) report*** formed part of the Group's **Annual Report for 2021/22. The development of next report for 2022/23 is underway.** ▪ On 31/10/2022 the Group became an adopter of the ***Sustainability Reporting Standard*** for Social Housing.

Strategic report (continued)

Risk	Current controls and sources of assurance
Development Failure to ensure developments are scrutinised before, during and after approval to ensure the robust management of development deliverables Leading to poor development scheme project management, increased costs, increased programme timescales and reduced quality Resulting in poor customer satisfaction, reputational damage, lack of value for money, strategic budgetary issues and regulatory interest	• Asset Investment Committee (AIC) responsible for assisting the Board in fulfilling its development responsibilities and shall monitor the performance of such activities across the Group, including approving investment and divestment opportunities, considering and approving Development Scheme proposals, development programme monitoring and risk management and asset management. • Development controls in place including scheme of delegation, scheme risk assessments and development scheme reporting to AIC. • 3-tiered approach Land only – we can build to new 2025 building regs. Package deals – we can influence developers S106 (50% of our new houses) – we accept what we are given. • Development Team in place ***with appropriate skills and experience*** with **Development Procedure manual** in place. • Development Managers Team Meeting in place which provides a ***forum for scheme issues to be raised and discussed.*** • Development Improvement Group is in operation, supported by the Transformation Team to manage legacy issues.

Strategic report (continued)

Capital structure and treasury policy

FHW is funded by inter-company loans from Futures Finance Limited and Futures Treasury Plc. FHW's long term funding requirements are forecast via a Group wide business plan. The business model assumes that debt will increase in the early years to fund the purchase and development of stock and the improvement programme, after which it will gradually be repaid.

FHW's debt outstanding as at 31 March 2023 is £114m (2022: £123m). This is offset by cash and investments held of £38m (2022: £51m). £13m of the facility is undrawn at the year-end (2022: £13m).

The total available liquidity of FHW as at 31 March 2023 is £51m. The Group's treasury management policy states that the Group should manage its liquidity risk, i.e. the risk of the Group becoming unable to meet its financial obligations when they fall due, through ensuring that sufficient sources of funding are available. The Group should hold liquid funds, short term funds and medium-term funds for rolling periods of three months, 12 months and 18 months respectively that can be accessed within appropriate timescales.

Liquidity risk is effectively managed as the Group's cash and cash investments can be accessed within seven days and all committed debt facilities can be accessed within two days. The policy also states that the Group should ensure it will not require additional financing to meet its contractually committed obligations within a period of less than 24 months. FHW complies with this requirement in its annual budget business plans and monthly outturn plans.

FHW believes that the current debt position provides a good balance between protection against interest rate increases, and flexibility. FHW's debt is 100% fixed which complies with the treasury policy which states that a minimum of 70% of debt should be fixed at any time.

Accounting policies

FHW's principal accounting policies are set out in the notes to the financial statements. There were no significant changes to accounting policies in the current year.

Events after the end of the reporting period

We consider that there are no events since the financial year-end that have a significant effect on the financial position of FHW.

Payment of creditors

In line with government guidance, the Group's policy is to pay purchase invoices within 30 days of receipt, or earlier if agreed with the supplier.

Strategic report (continued)

Health & safety and environmental policy

The Board is aware of its responsibilities on all matters relating to health and safety. Taking into account the needs of its customers and society at large, FHL will aim to eliminate or reduce to a level as low as reasonably practicable, the health, safety and environmental impacts of its activities; protect the environment and prevent pollution by utilising a structured risk management approach and the implementation of sustainable procurement practices, targeted carbon emission reduction and a reduction of waste to landfill.

Complaints

All companies within the Group have a clear and simple complaints policy. The Group has robust procedures to ensure that unresolved complaints are actively monitored and appropriate action taken to address the relevant issues. During the year, additional investment into the complaints team was made, in response to there being less restrictions for customers to complain to landlords and to ensure learnings from these complaints can be made by the Group.

Statement of compliance

In preparing this strategic report, the Board has followed the principles set out in the *Housing SORP 2018 (Statement of Recommended Practice for Social Housing Providers).*

FHW is required to comply with the Regulatory Standards included in the Regulatory Framework and to certify compliance annually with the Governance and Financial Viability Standard.

During the year, the Board has overseen an assessment of compliance with each of the Regulatory Standards. The outcome of the annual assessment was reported through an annual statement of internal control which the Board approved. As a consequence the Board can certify that the Group was in full compliance with the Governance and Financial Viability Standard for 2022-23.

In approving the strategic report, the Board is also approving the strategic report in its capacity as the Board of the association.

The strategic report was approved by the Board on 24 July 2023 and signed on its behalf by:

Mike Stevenson
Chair of the Board

Report of the Board

Board members and executive directors

The present board directors (who are also the trustees of the charity) are set out on page 1, together with those who served during the year. The directors are drawn from a wide range of backgrounds, bringing together professional, commercial and local experience. The executive directors are employed by Futures Housing Group Limited. Details of Board members and the Group's executive directors' emoluments are included in the financial statements of that company.

The association has insurance policies that indemnify its Board of Directors against liability when acting for the association.

Donations

FHW made no charitable or political donations in the year (2022: nil).

Going concern

FHW's business activities, its current financial position and factors likely to affect its future development are set out within the strategic report of the Board. FHW has in place long-term debt facilities, which provide adequate resources to finance committed reinvestment and development programmes, along with FHW's day to day operations. FHW also has a long term business plan which shows that it is able to service these debt facilities whilst continuing to comply with lenders' covenants.

The Board is satisfied that the stress testing, which includes single variant stress testing, multi-variant stress testing and determination of tolerance levels alongside mitigating actions, demonstrates sufficient financial strength to conclude that FHW is a going concern. In reaching this decision, the Board has noted that the new business plans meet the key rules for effective financial management, are not reliant on sales income to meet loan covenants and can tolerate sufficient cost pressures/income without creating a covenant breach or needing to secure extra funding over the period under review, ending March 2025. The Board is comfortable that the stress testing mitigation plan contains sufficient mitigation strategies to ensure the viability of FHW whilst minimising any adverse impact for customers.

The stress testing resilience plan has also been considered by the Board in reaching its going concern conclusions. The plan sets out the point at which the Board would intervene to instigate corrective action that would steer FHW towards compliance with its key rules for financial management. The plan demonstrates the mitigation methods that would provide sufficient immediate cash savings.

On this basis, the Board has a reasonable expectation that FHW has adequate resources to continue in operational existence for the foreseeable future, being a period of at least 12 months after the date on which the report and financial statements are signed. For this reason, it continues to adopt the going concern basis in the financial statements.

Legal compliance

The Board recognises FHW's responsibility to ensure ongoing legal compliance as a result of the law constantly being updated. It also recognises the RSH's *Governance and Financial Viability Standard* and the importance of effective governance arrangements to ensure that all of the Group's registered providers of social housing adhere to all relevant law.

Legal compliance (continued)

To ensure compliance, the Group works with Anthony Collins Solicitors LLP, to help assess the extent to which it complies with relevant English law. This process involves using a legal compliance checklist designed to highlight any potential legal non-compliance in relation to the Group's core business. This review is overseen by the Group Audit & Risk Committee and reported to the Board. The review concluded that no significant issues had been identified requiring immediate or significant action to ensure legal compliance.

Internal controls assurance

The Board acknowledges its overall responsibility for establishing and maintaining the whole system of internal control and for reviewing its effectiveness. This responsibility applies to all organisations within the Group. For more information on controls assurance, refer to Futures Housing Group Limited's financial statements.

NHF Code of Governance

The Group has adopted and complies with the NHF Code 2020 as the code of governance for the Group's registered providers in compliance with the requirements of the regulatory *Governance and Financial Viability Standard*.

Statement of the responsibilities of the Board

The Board is responsible for preparing the strategic report, the report of the board and the financial statements in accordance with applicable law and regulations.

Co-operative and Community Benefit Society legislation requires the Board to prepare financial statements for each financial year. Under that law, the directors have elected to prepare the financial statements in accordance with *United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and Applicable laws)* including *FRS102, the Financial Reporting Standard applicable in the UK and Republic of Ireland*. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and surplus or deficit of the Group and Company for that period. In preparing those financial statements, the Board is required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable *United Kingdom Accounting Standards and the Statement of Recommended Practice (SORP): Accounting by Registered Social Housing Providers 2018*, have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the accounts on a going concern basis unless it is inappropriate to presume that the association will continue in business.

Report of the Board

Statement of the responsibilities of the Board (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 and enable them to ensure that the financial statements comply with the *Co-operative and Community Benefit Society Act 2014*, the *Housing Regeneration Act 2008* and the *Accounting Direction for Private Registered Providers and Social Housing (April 2019).* 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 Board confirms that:

- so far as each of the Board members are aware there is no relevant audit information of which the Association's auditor is unaware; and
- the Board members have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The Board is responsible for the maintenance and integrity of the corporate and financial information on the association's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Information set out in the strategic report

In accordance with S414C (11) of the Companies Act 2006, the association has chosen to include information in respect of its financial risk management objectives and policies, exposure to risk and likely future developments in the business of the association in the strategic report. This information would otherwise be required by Schedule 7 of the *Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008* to be contained in the report of the Board.

External auditors

BDO LLP were appointed as auditor at the Board meeting on 15 September 2022.

The report of the Board was approved by the Board on 24 July 2023 and signed on its behalf by:

Mike Stevenson
Chair of the Board

Independent auditor's report to the members of Futures Homeway Limited

Opinion on the financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the association's affairs as at 31 March 2023 and of its surplus for the year then ended;

- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and

- have been prepared in accordance with the requirements of the Co-operative and Community Benefit Society Act 2014, the Housing and Regeneration Act 2008 and the Accounting Direction for Private Registered Providers of Social Housing 2019.

We have audited the financial statements of Futures Homeway Limited ("the Association") 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, and Notes to the Financial Statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland* (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

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

Independence

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

Conclusions relating to going concern

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

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

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

Independent auditor's report to the members of Futures Homeway Limited (continued)

Other information

The Directors are responsible for the other information. The other information comprises the information included in the Directors report and financial statements, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where we are required by the Co-operative or Community Benefit Societies Act 2014 or the Housing and Regeneration Act 2008 to report to you if, in our opinion:

- the information given in the Report of the Board for the financial year for which the financial statements are prepared is not consistent with the financial statements; or
- adequate accounting records have not been kept by the association; or
- a satisfactory system of control has not been maintained over transactions; or
- the association's financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of Directors

As explained more fully in the Statement of the responsibilities of the Board, the Directors 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 Directors 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 Directors are responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Association or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of Futures Homeway Limited (continued)

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.

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

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

We made enquiries of management and the Audit and Assurance Committee. This included the following:

- how they have identified, evaluated and complied with laws and regulations and whether they were aware of any instances of non-compliance;
- their process for detecting and responding to the risks of fraud and whether they have knowledge of any actual, suspected or alleged fraud; and
- which internal controls have been established to mitigate risks related to fraud or non-compliance with laws and regulations.

We obtained an understanding of the legal and regulatory frameworks that are applicable to the Association. These include, but are not limited to, compliance with Companies Act 2006, United Kingdom Generally Accepted Accounting Practice and relevant tax legislation.

In addition, the Association is subject to many other laws and regulations where the consequences of non-compliance could have a material effect on amounts or disclosures in the financial statements, for instance through the imposition of fines or litigation. We identified the following areas as those most likely to have such an effect: employment law and data protection. Auditing standards limit the required audit procedures to identify non-compliance with these laws and regulations to enquiry of the Those Charged with Governance and other management and inspection of regulatory and legal correspondence if any.

Audit response to risks identified

- we made enquiries of the Audit and Assurance Committee, management and internal audit;
- we reviewed the Fraud log submitted to the Audit and Assurance Committee which includes instances of fraud and non-compliance with laws and regulations and we read minutes of meetings of those charged with governance; and

Independent auditor's report to the members of Futures Homeway Limited (continued)

Auditor's responsibilities for the audit of the financial statements (continued)

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

- in addressing the risk of fraud through management override of controls, we tested the appropriateness of journal entries and other adjustments, assessed whether the judgements made in making accounting estimates are indicative of a potential bias, considered completeness of related party transactions, and evaluated the business rationale of any significant transactions that are unusual or outside the normal course of business.

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

A further description of our responsibilities is available on the Financial Reporting Council's website at:
https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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

DocuSigned by:
Kyla Bellingall
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Kyla Bellingall (Senior Statutory Auditor)
For and on behalf of BDO LLP, Statutory Auditor
Birmingham, UK
02 August 2023

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

Statement of Comprehensive Income for the year ended 31 March 2023

	Note	2023 £'000	2022 £'000
Turnover: continuing activities	4	20,600	20,638
Operating Costs	4	(15,755)	(14,976)
Revaluation of investment properties		(147)	295
Surplus on sale of housing properties	6	605	401
Operating Surplus	4,5	**5,303**	**6,358**
Interest receivable and other income	8	649	26
Interest payable and similar charges	9	(4,225)	(3,862)
Other finance costs	10	(45)	(65)
Gift aid income		127	182
Surplus for the year		**1,809**	**2,639**
Actuarial gain relating to the pension scheme	10	1,606	1,526
Total comprehensive income for the year		**3,415**	**4,165**

The notes on pages 29 to 57 form part of these financial statements.

These financial statements were approved by the Board on 24 July 2023 and signed on its behalf by:

Michael Stevenson (Chair)

Raymond Harding (Board Member)

Ian Skipp (Company Secretary)

Statement of Changes in Reserves for the year ended 31 March 2023

	2023 £'000	2022 £'000
Balance as at 1 April	11,277	7,112
Comprehensive income for the year	3,415	4,165
Balance as at 31 March	**14,692**	**11,277**

The notes on pages 29 - 57 form part of these financial statements.

Futures Homeway Limited
Year Ended 31 March 2023

Statement of Financial Position as at 31 March 2023

	Note	2023 £'000	2022 £'000
Tangible fixed assets			
Housing properties	13	95,230	90,593
Other tangible fixed assets	14	199	297
Investment Properties	15	5,012	5,012
		100,441	95,902
Current assets			
Stock	16	47	110
Properties held for sale	17	893	958
Debtors	18	1,749	1,698
Short Term Investment		6,000	3,000
Cash at cash equivalents		32,335	48,475
		41,024	54,241
Creditors: Amounts falling due within one year	19	(4,991)	(5,982)
Net current assets		36,033	48,259
Total assets less current liabilities		136,474	144,161
Creditors: Amounts falling due after more than one year	20	(121,782)	(131,199)
Net pension liability	10	-	(1,685)
Total net assets		**14,692**	**11,277**
Reserves			
Revenue reserve		14,692	11,277
Total Reserves		**14,692**	**11,277**

The notes on pages 29 to 57 form part of these financial statements.

These financial statements were approved by the Board on the 24 July 2023 and signed on its behalf by:

Michael Stevenson (Chair)

Raymond Harding (Board Member)

Ian Skipp (Company Secretary)
Company Number: RS008973

Notes to the financial statements

1. Legal status

The association is registered under the Co-operative and Community Benefit Society Act 2014 and is a registered housing provider. Its registered office is Futures House, Building 435, Argosy Road, Castle Donington, Derby, DE74 2SA.

2. Accounting policies

Basis of accounting

The financial statements of the association are prepared in accordance with *UK Generally Accepted Accounting Practice (UK GAAP)* including *Financial Reporting Standard 102* (FRS 102) and the *Statement of Recommended Practice: Accounting for Registered Social Housing Providers 2018*, and comply with the *Accounting Direction for Private Registered Providers of Social Housing 2019.*

Public benefit entity

FHW is a public benefit entity in accordance with FRS102. The financial statements are presented in sterling (£).

The association has adopted the following disclosure exemptions available under FRS102:

- The requirement to present a statement of cashflows and related notes;
- Financial instrument disclosures, including:
    - categories of financial instruments;
    - items of income, expenses, gains or losses relating to financial instruments; and
    - exposure to and management of financial risks.

The association is itself a subsidiary company and is exempt from the requirement to prepare Group accounts. These financial statements present information about the individual association. Results are consolidated into the accounts of Futures Housing Group Limited.

Going concern

The financial statements have been prepared on a going concern basis.

The Board has reviewed a number of key areas to determine that the Group is a going concern, as set out below:

- Two year financial forecasts have been prepared, capturing all operating and capital cashflows and associated funding cashflows. These cashflows eliminate the ‘high risk’ cashflows such as grant income and sales income and each of these demonstrate to the Board that cash remains positive over forthcoming period up to March 2025, without the need to secure any further funding than what is already in place and secured.

Notes to the financial statements (continued)

2. Accounting policies (continued)

Going concern (continued)

- Stress testing has been carried out and reviewed by the Board on the approved business plans.

- The Board is satisfied that the stress testing, which includes single variant stress testing, multi-variant stress testing and determination of tolerance levels alongside mitigating actions, demonstrates sufficient financial strength to conclude that FHW is a going concern. In reaching this decision, the Board has noted that the new business plans meet the key rules for effective financial management, are not reliant on sales income to meet loan covenants and can tolerate sufficient cost pressures/income without creating a covenant breach or needing to secure extra funding over the period under review, ending March 2025. The Board is comfortable that the stress testing mitigation plan contains sufficient mitigation strategies to ensure the viability of FHW whilst minimising any adverse impact for customers.

- The stress testing resilience plan has also been considered by the Board in reaching its going concern conclusions. The plan sets out the point at which the Board would intervene to instigate corrective action that would steer FHW towards compliance with its key rules for financial management. The plan demonstrates the mitigation methods that would provide sufficient immediate cash savings.

- The forecast cash and covenant positions have been considered by the Board in forming its going concern conclusions. The cash positions are considered to be both the forecast cash at bank positions plus the unutilised secured and in place loan facilities.

- The covenant positions have been considered and there is no covenant non-compliance forecast in the business plans over the period up to March 2025 and beyond. In addition, cash break-even point assessments have been reviewed by the Board, at subsidiary level, to obtain comfort that the cash positive cashflows have sufficient robustness within them. This review has highlighted that each subsidiary has a highly robust cash break even position that allows all operating costs to increase by significant amounts before cash turns negative.

- For the reasons mentioned above, the Board considers that FHW is a going concern. While risks exist, these do not cast doubt on FHW's ability to continue as a going concern for the foreseeable future, being a period of at least 12 months from the date of signing these accounts and audit report.

2. Accounting policies (continued)

Turnover and revenue recognition

Turnover comprises:

- rental income receivable;
- service charges receivable;
- income from shared ownership first tranche sales;
- sales of properties built for sale;
- other services; and
- revenue grants receivable.

Rental income is recognised from the point properties become available for letting. Revenue grants are receivable when the conditions for receipt of agreed grant funding have been met. Income from first tranche sales and sales of properties built for sale are recognised at the point of legal completion of the sale. All other income is included at the invoiced value (excluding VAT) of goods and services supplied in the year.

Taxation

The charge for taxation is based on the surpluses arising on certain activities which are liable to tax.

Value Added Tax

The association charged Value Added Tax (VAT) on some of its income and is able to recover part of the VAT it incurs on expenditure. The financial statements include VAT to the extent that it is incurred by the association and not recoverable from HM Revenue and Customs. The balance of VAT payable or recoverable at the year-end is included as a current liability or asset.

Interest payable

Interest payable is charged to the Statement of Comprehensive Income in the year. No interest payable is capitalised.

Interest receivable

Interest receivable is charged to the Statement of Comprehensive Income in the year.

Pensions

The association participates in the Northamptonshire County Council Pension Fund, a defined benefit pension scheme administered in partnership by West Northamptonshire County Council and Cambridgeshire County Council.

In relation to the defined benefit scheme, the current service costs and costs from settlements and curtailments are charged against operating surplus. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs and income. Actuarial gains and losses are reported in the statement of comprehensive income.

2. Accounting policies (continued)

Pensions (continued)

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality bond rates. The net deficit, adjusted for deferred tax, is presented separately from other assets on the statement of financial position. A net surplus is recognised only to the extent that it is recoverable by the association.

In relation to the defined contribution scheme, the charges for the year represent the employer contributions payable to the scheme for the accounting period.

Housing properties

Housing properties are held for the provision of social housing or to otherwise provide social benefit. Housing properties are properties available for rent and properties subject to shared ownership leases.

Properties are stated at cost less depreciation. Cost includes the cost of acquiring land and buildings, development costs and expenditure incurred in respect of improvements.

Works to existing properties, which replace a component that has been treated separately for depreciation purposes, along with those works that result in an increase in net rental income over the lives of the properties, thereby enhancing the economic benefits of the assets, are capitalised as improvements.

Shared ownership properties are split proportionally between current and fixed assets based on the element relating to expected first tranche sales. The first tranche proportion is classed as a current asset and related sales proceeds included in turnover, and the remaining element is classed as fixed asset and included in housing properties at cost, less any provisions needed for depreciation or impairment.

Depreciation of housing properties

Freehold land is not depreciated. The Group separately identifies the major components which comprise its housing properties and charges depreciation, so as to write-down the cost of each component to its estimated residual value, on a straight-line basis, over its estimated useful economic life.

Notes to the financial statements (continued)

2. Accounting policies (continued)

Depreciation of housing properties (continued)

The Group depreciates the major components of its housing properties over the following number of years:

	Life in years
Structure	100
Roof	50
Fascia	30
Soffit	30
Windows	30
Kitchen	20
Bathroom	30
Doors	30
Biomass System	20
Heating distribution system	25
Boiler	12
Damp proofing	25
Electrical rewires	30
External wall insulation	30
Fire safety measures	50

Internal wall insulation is depreciated over the remaining life of the structure.

Government grants

Government grants include grants receivable from the RSH, local authorities, and other government organisations. Government grants received for housing properties are initially credited to the deferred grant account within long term creditors on the statement of financial position. They are then amortised over the useful life of the housing property structure and, where applicable its individual components (excluding land) under the accruals model.

Grants relating to revenue are recognised in the statement of comprehensive income over the same period as the expenditure to which they relate once reasonable assurance has been gained that the entity will comply with the conditions and that the funds will be received. Grants due from government organisations or received in advance are included as current assets or liabilities.

Government grants received for housing properties are subordinated to the repayment of loans by agreement with the RSH. Government grants released on sale of a property may be repayable but are normally available to be recycled and are credited to a recycled capital grant fund and included in the statement of financial position in creditors.

If there is no requirement to recycle or repay the grant on disposal of the asset, any unamortised grant remaining within creditors is released and recognised as income in the statement of comprehensive income.

2. Accounting policies (continued)

Government grants (continued)

Where individual components are disposed of and this does not create a relevant event for recycling purposes, any grant which has been allocated to the component is released to statement of comprehensive income. Upon disposal of the associated property, the association is required to recycle these proceeds and recognise them as a liability.

Other grants

Grants received from non-government sources are recognised using the performance model. A grant which does not impose specified future performance conditions is recognised as revenue when the grant proceeds are received or receivable. A grant that imposes specified future performance-related conditions on the association is recognised only when these conditions are met. A grant received before the revenue recognition criteria are satisfied is recognised as a liability.

Impairment

Housing properties are assessed annually for impairment triggers. Where triggers are identified an assessment for impairment is undertaken comparing the cash generating unit's (CGU) carrying amount to its recoverable amount. Where the carrying amount of an CGU is deemed to exceed its recoverable amount, the asset is written down to its recoverable amount, this is likely to be the value in use of the asset based on its service potential. CGUs is normally a group of properties at a scheme level. The resulting impairment loss is recognised as expenditure in the statement of comprehensive income. Where an asset is currently deemed not to be providing service potential to the association, its recoverable amount is its fair value less costs to sell.

Other tangible fixed assets

Assets are held at historic cost less accumulated depreciation. Depreciation is provided evenly on the cost of other tangible fixed assets to write them down to their estimated residual values over their expected useful lives.

The principal estimated useful economic lives used for other assets are:

	Life in years
Computers and office equipment	3
Tools and equipment	3
Motor vehicles	3
Furniture, fixtures and fittings	5
Lifeline equipment	5

Leased assets

Rentals payable under operating leases are charged to the statement of comprehensive income on a straight-line basis over the lease term.

Notes to the financial statements (continued)

2. Accounting policies (continued)

Investment properties

Investment properties consist of properties not held for social benefit or for use in the business. Investment properties are measured at cost on initial recognition and subsequently at fair value at the year end date, with changes in fair value recognised in the statement of comprehensive income. Fair value is determined annually by appropriately qualified external valuers and is derived from current market rents and investment property yields for comparable properties, adjusted if necessary, for any difference in the nature, location or condition of the specific asset. No depreciation is provided on investment properties.

Properties for sale

Shared ownership sales and property under construction are valued at the lower of cost and net realisable value. Cost comprises materials, direct labour and direct development overheads. Net realisable value is based on estimated sales price after allowing for all further costs of completion and disposal.

Financial instruments

Financial instruments which meet the criteria of a basic financial instrument as defined in Section 11 of FRS 102 are accounted for under an amortised historic cost model. Management has reviewed the association's loan agreements and has deemed them to be basic financial instruments.

Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured at amortised cost. Bad debt provision on rental income is calculated according to the following policy:

Customer balance (current arrears)	**Provision policy**
Below £250	0%
£251 to £500	10%
£501 to £1,000	25%
£1,001 to £1,500	50%
Over £1,500	75%
Customer balance (former arrears) All balances	100%

Creditors

Short term trade creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

Notes to the financial statements (continued)

2. Accounting policies (continued)

Liquid resources: cash and cash equivalents

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

Short term investments

Short term investments comprise of cash held in deposit accounts with notice periods over three months.

3. Significant judgements and estimates

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

Significant management judgements

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

1) Impairment

As part of the association's continuous review of the performance of its assets, management identify any homes or schemes that have significantly declining market values or market conditions, increasing void losses, are affected by policy or environmental changes, where the carrying value of the asset is more than it's estimated fair value or where the decision has been made to dispose of the properties. These factors are considered to be an indication of impairment.

Where there is evidence of impairment, the fixed assets are written down and any impairment losses are charged to operating surpluses. The estimated depreciated replacement cost (DRC), calculated using appropriate construction costs and land prices, is compared to the carry value of the asset and where the DRC is lower than the carrying cost an impairment charge is made against the social housing properties.

A review has been carried out for the value held on the statement of financial position of unsold homes and works in progress. As of 31 March 2023, there was no unsold homes. In addition, there is a sufficient margin between the historic build cost recorded in properties held for sale and the final sales value to provide certainty over their historic costs valuation as a minimum and therefore we consider no impairment to be required.

3. Significant judgements and estimates (continued)

Significant management judgements (continued)

2) Staff seconded to FHG

Management believe that FHG has a constructive obligation for pension costs for staff seconded from FHW, who are in the Local Government Pension Scheme. As such the cost of pension contributions relating to those staff in-year are borne by FHG. As FHW remains responsible for their pension obligations the related schemes assets and liabilities are included in FHW's statement of financial position and the details disclosed in the notes to the accounts.

3) Capitalisation of property development costs

Judgement is needed to distinguish the point at which a project is more likely than not to continue, allowing capitalisation of associated development costs. Manager monitors the asset after capitalisation management and considers whether changes indicate that impairment is required.

3) Recognition of defined benefit net surplus

Management's estimate of the DBO is determined using actuarial valuations using a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary increases. A review has been undertaken of the of the valuation report for 31 March 2023 which calculated a net surplus for the defined benefit scheme that the association participates in. Management has concluded that, based on our interpretation of the pension scheme rules the Association does not have an unconditional right to recover the asset either in the form of reduced contributions or a refund, so in line with FRS102 and the accounting policy the net pension surplus should be capped at nil.

Estimation uncertainty

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

1) Useful lives of depreciable assets

Management reviews its estimate of the useful lives of depreciable assets at each reporting date based on the expected utility of the assets. Uncertainties in these estimates relate to technological obsolescence that may change the utility of certain software and IT equipment and changes to decent homes standards which may require more frequent replacement of key components.

3. Significant judgements and estimates (continued)

Estimation uncertainty (continued)

2) Defined benefit obligation (DBO)

Management's estimate of the DBO is determined using actuarial valuations using a number of critical underlying assumptions such as standard rates of inflation, mortality, discount rate and anticipation of future salary 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 and variation in these assumptions may significantly impact the DBO amount and the annual defined benefit expenses (as analysed in Note 10).

3) Investment property valuation

Management's estimate of the valuation of the investment property is based on an independent valuation by Rupert David & Co Chartered Surveyors.

4) Cost apportionment of development schemes

Management's estimate of the apportioned cost of individual properties for all tenures is done on a square metre basis.

5) Recoverable amounts on property held for sale

The forecast sale percentage is considered for the stock held for sale and the cost allocated accordingly. A review of the expected sales price, taking into account costs to completion in respect of assets under construction, is also performed and impairment considered. A number of properties held at the year-end have since been sold at expected selling prices which further supports the view that there is no indication of impairment.

Futures Homeway Limited
Year Ended 31 March 2023

Notes to the financial statements (continued)

4a. Particulars of turnover, cost of sales, operating costs and operating surplus

For the year ended 31 March 2023	Turnover 2023 £000	Cost of sales 2023 £000	Operating costs 2023 £000	Operating surplus 2023 £000
Social housing lettings (see note 4b)	17,974	-	(13,269)	4,705
Other social housing activities				
Management and agency services	13	-	(3)	10
First tranche shared ownership sales	1,781	(1,545)	(455)	(219)
Other	62	-	(114)	(52)
	1,856	(1,545)	(572)	(261)
Non-social housing activities				
Charges for support services	271	-	(205)	66
Other	44	-	(11)	33
Market Rents	455	-	(153)	302
	770	-	(369)	401
Total Social Housing	**20,600**	**(1,545)**	**(14,210)**	**4,845**
Revaluation of investment properties				(147)
Surplus on sale of housing properties				605
				5,303

For the year ended 31 March 2022	Turnover 2022 £000	Cost of sales 2022 £'000	Operating costs 2022 £000	Operating surplus 2022 £000
Social housing lettings (see note 4b)	17,373	-	(11,722)	5,651
Other social housing activities				
First tranche shared ownership sales	2,511	(2,054)	(593)	(136)
Other	67	-	(197)	(130)
	2,578	(2,054)	(790)	(266)
Non-social housing activities				
Charges for support services	181	-	(122)	59
Other	63	-	(21)	42
Market Rents	443	-	(267)	176
	687	-	(410)	277
Total Social Housing	**20,638**	**(2,054)**	**(12,922)**	**5,662**
Revaluation of investment properties				295
Surplus on sale of housing properties				401
				6,358

Notes to the financial statements (continued)

4b. Particulars of turnover, cost of sales, operating costs and operating surplus

For the year ended 31 March 2023	General housing 2023 £000	Sheltered housing 2023 £000	Shared ownership 2023 £000	Total 2023 £000
Turnover from social housing lettings				
Rent receivable net of identifiable service charges	12,079	4,585	555	17,219
Service income	484	184	-	668
Amortisation of government grants	87	-	-	87
Turnover from Social housing lettings	**12,650**	**4,769**	**555**	**17,974**
Expenditure on social housing lettings				
Management	(3,276)	(1,243)	(259)	(4,778)
Services	(531)	(538)	-	(1,069)
Routine maintenance	(1,706)	(647)	-	(2,353)
Planned maintenance	(412)	(156)	-	(568)
Major repairs expenditure	(1,162)	(441)	-	(1,603)
Bad debts	(38)	(15)	-	(53)
Depreciation of housing properties	(1,573)	(597)	(124)	(2,294)
Depreciation of other fixed assets	(127)	(48)	-	(175)
Accelerated Depreciation	(135)	(51)	-	(186)
Other	(138)	(52)	-	(190)
Total expenditure on social housing lettings	**(9,098)**	**(3,788)**	**(383)**	**(13,269)**
Operating surplus on social housing lettings	**3,552**	**981**	**172**	**4,705**
Void losses	**(157)**	**(60)**	**-**	**(217)**

Notes to the financial statements (continued)

4b. Particulars of turnover, cost of sales, operating costs and operating surplus (Continued)

For the year ended 31 March 2022	General housing 2022 £000	Sheltered housing 2022 £000	Shared ownership 2022 £000	Total 2022 £000
Turnover from social housing lettings				
Rent receivable net of identifiable service charges	11,644	4,418	504	16,566
Service income	461	175	-	636
Amortisation of government grants	171	-	-	171
Turnover from Social housing lettings	**12,276**	**4,593**	**504**	**17,373**
Expenditure on social housing lettings				
Management	(2,811)	(1,067)	(217)	(4,095)
Services	(510)	(394)	-	(904)
Routine maintenance	(1,440)	(546)	-	(1,986)
Planned maintenance	(475)	(180)	-	(655)
Major repairs expenditure	(1,165)	(442)	-	(1,607)
Bad debts	52	20	-	72
Depreciation of housing properties	(1,252)	(475)	(120)	(1,847)
Depreciation of other fixed assets	(111)	(42)	-	(153)
Accelerated Depreciation	(191)	(72)	-	(263)
Other	(206)	(78)	-	(284)
Total expenditure on social housing lettings	**(8,109)**	**(3,276)**	**(337)**	**(11,722)**
Operating surplus on social housing lettings	**4,167**	**1,317**	**167**	**5,651**
Void losses	**(127)**	**(48)**	**-**	**(175)**

Notes to the financial statements (continued)

5. Operating surplus

This is arrived at after charging:

	2023	2022
	£000	£000
Depreciation of housing properties	2,480	2,113
Depreciation of other tangible fixed assets	175	152

Auditor's remuneration is borne by the company's parent undertaking, Futures Housing Group Limited. No audit fees are expensed by the entity.

6. Surplus on sale of fixed assets - housing properties

	2023	2022
	£000	£000
Disposal proceeds	984	694
Carrying value of fixed assets	(379)	(293)
	605	**401**

Notes to the financial statements (continued)

7. Accommodation in management and development

At the end of the year, the accommodation in management for each class of accommodation was as follows:

For the year ended 31 March

	Social units	Affordable units	Shared ownership units	Supported sheltered units	Market rent units	Rent to Buy units	Total owned units
Opening stock	2,172	124	168	886	43	39	**3,432**
Additions	-	19	11	-	-	15	**45**
Properties transferred to other group companies	(16)	-	-	-	-	-	**(16)**
Disposals	(19)	-	(2)	-	-	-	**(21)**
Closing stock	**2,137**	**143**	**177**	**886**	**43**	**54**	**3,440**

	Managed not owned units	Total owned and managed units
Opening stock	79	**3,511**
Additions	3	**48**
Properties transferred to other group companies	-	**(16)**
Disposals	-	**(21)**
Closing stock	**82**	**3,522**

8. Interest receivable and other income

	31 March 2023 £000	31 March 2022 £000
Interest receivable	649	26
	649	26

9. Interest and financing costs

	31 March 2023 £000	31 March 2022 £000
Interest payable to group undertakings	4,225	3,862
Loans and bank overdraft	4,225	3,862

10. Employees

Average monthly number of employees expressed in full time equivalents (calculated based on a standard working week of 37 hrs):

	31 March 2023 No.	31 March 2022 No.
FTEs		
Housing, support and care	43	44

Employee costs:

	31 March 2023 £000	31 March 2022 £000
Wages and salaries	1,456	1,305
Social security costs	147	123
Pension costs *	29	35
	1,632	1,463

* Pension costs in 2023 included a credit of £124k (2022: £97k) as a result of the annual FRS102 current service costs being lower than actual contributions in the year. Current service costs for employees seconded to Future Housing Group costs are recharged in the year.

Northamptonshire County Council Pension Fund (NCCPF)

The NCCPF is a multi-employer defined benefit scheme, which is administered in partnership by West Northamptonshire County Council and Cambridgeshire County Council under the regulations governing the Local Government Pension Scheme (LGPS), a defined benefit scheme.

10. Employees (Continued)

Triennial actuarial valuations of the pension scheme are performed by an independent, professionally qualified actuary using the projected unit method.

The most recent formal actuarial valuation was completed as at 31 March 2022.

The market value of the scheme's assets at that date was £10.0 million and the level of funding was 95%. The main actuarial assumptions used in the valuation were:

	% p.a.
Investment return	3.0%
Salary increases	3.2%
Benefit increases and CARE revaluation (CPI)	2.7%

Contributions

The company paid contributions at the rate of 35% during the year. The cost to the company, of contributions to the scheme in the period, amounted to £312,000 (2022: £316,000). Members' contributions vary between 5.5% and 11.4% of pensionable pay until 31 March 2023, depending on the circumstances of the employee. Employers' contributions to the NCCPF during the accounting period beginning 1 April 2023 are at a rate of 43% and are estimated to be £406,000.

Major categories of plan assets as a total of plan assets

	2023	2022
Equities	68%	68%
Bonds	18%	18%
Property	13%	13%
Cash	1%	1%

Assumptions

The main financial assumptions used by the actuary were as follows:

	2023	2022
	%	%
Rate of increase in salaries	3.45	3.65
Rate of increase in pensions	2.95	3.15
Discounted rate	4.75	2.75

Notes to the financial statements (continued)

10. Employees (continued)

Mortality assumptions

The post retirement mortality assumptions were based on the fund's VitaCurves with improvements inline with the CMI 2021 model and these are used to value the benefit obligation at 31 March as determined by the actuary, for non-pensioners and pensioners.

	2023 No of years	2022 No of years
Current pensioners:		
Males	20.1	21.7
Females	24.3	24.0
Future pensioners:		
Males	22.6	22.7
Females	26.2	25.8

Amounts recognised in the statement of financial position

	2023 £000	2022 £000
Present value of funded obligations	(7,752)	(11,730)
Fair value of plan assets	9,700	10,045
Surplus restriction	(1,948)	-
	-	(1,685)
Present value of unfunded obligations	-	-
Net liability	-	(1,685)

Amounts recognised in other comprehensive income

	2023 £000	2022 £000
Actuarial gain in other comprehensive income	1,606	1,526

Analysis of the amount charged to operating surplus

	2023 £000	2022 £000
Current service cost/total operating charge	188	219

Notes to the financial statements (continued)

10. Employees (continued)

Analysis of the amount charged to other finance costs

	2023 £000	2022 £000
Expected return on pension scheme assets	278	191
Interest on pension scheme liabilities	(323)	(256)
Net finance cost	(45)	(65)

Movement in deficit during the year

	2023 £000	2022 £000
Company share of net liabilities at start of year	(1,685)	(3,243)
Movement in year:		
Current service cost	(188)	(219)
Employer contributions	312	316
Other finance costs	(45)	(65)
Actuarial gain	1,606	1,526
Company share of net scheme liabilities at end of year	-	(1,685)

Changes in present value of defined benefit obligation

	2023 £000	2022 £000
Opening defined benefit obligation (including unfunded obligations)	(11,730)	(12,461)
Current service cost	(188)	(219)
Past service cost	-	-
Interest cost	(323)	(256)
Contributions by members	(26)	(27)
Actuarial gains	4,314	1,060
Past service gain	-	-
Benefits paid	201	173
Closing defined benefit obligation (including unfunded obligations)	(7,752)	(11,730)

Changes in fair value of plan assets

	2023 £000	2022 £000
Opening fair value of plan assets	10,045	9,218
Expected return on assets	278	191
Actuarial (loss)/gain	(760)	466
Contributions by employer	312	316
Contributions by members	26	27
Benefits paid	(201)	(173)
Fair value of assets at end of year	9,700	10,045

Notes to the financial statements (continued)

11. Board members and executive directors

Executive directors

All costs associated with the Board members and Group executive directors are borne by FHG. Details of their emoluments are disclosed in the financial statements of that company.

Costs associated with Board members' expenses paid during the year to Board members were also borne by FHG. Details of these are disclosed in FHG's accounts.

One member of staff received emoluments in the banding £60,000 - £70,000, and one member of staff £70,000 - £80,000.

12. Tax on surplus on ordinary activities

The company was granted charitable status on 21 September 2007 and has not conducted any business outside of its charitable objectives. The company is therefore not liable to Corporation Tax.

Notes to the financial statements (continued)

13. Tangible fixed assets - properties
(All freehold)

	Completed housing properties shared ownership £'000	Shared ownership properties under construction £'000	Social housing properties held for letting £'000	Social housing properties under construction £'000	Total £'000
Cost					
At 1 April 2022	15,393	845	86,108	4,765	107,111
Properties transferred to other group companies	-	-	(1,857)	-	(1,857)
Additions	16	1,133	124	4,128	5,401
Capitalised improvements	-	-	3,739	-	3,739
Schemes Completed	1,085	(1,085)	7,619	(7,619)	-
Disposals	(111)	-	(1,237)	-	(1,348)
At 31 March 2023	**16,383**	**893**	**94,496**	**1,274**	**113,046**
Depreciation and impairment					
At 1 April 2022	487	-	15,853	178	16,518
Properties transferred to other group companies	-	-	(210)	-	(210)
Charged in year	124	-	2,356	-	2,480
Released on disposal	(6)	-	(966)	-	(972)
At 31 March 2023	**605**	**-**	**17,033**	**178**	**17,816**
Net Book Value					
At 31 March 2023	**15,778**	**893**	**77,463**	**1,096**	**95,230**
At 1 April 2022	14,906	845	70,255	4,587	90,593

Notes to the financial statements (continued)

13. Tangible fixed assets (continued)
Expenditure on works to existing properties

	2023 £'000	2022 £'000
Components capitalised	3,739	3,160
Amounts charged to statement of comprehensive income Note 4b	1,603	1,607
	5,342	4,767

Costs include £617.2k Fire compartmentation works and £47.9k EPC C works.

Social housing assistance

	2023 £'000	2022 £'000
Total accumulated grant	9,047	8,692
Recognised in comprehensive income	791	704
Held as deferred capital grant	8,256	7,988
As at 31 March	9,047	8,692

Housing properties book value, net of depreciation (note 13) comprises

	2023 £'000	2022 £'000
Freehold land and buildings	95,230	90,593

Futures Homeway Limited
Year Ended 31 March 2023

Notes to the financial statements (continued)

14. Tangible fixed assets - other

	Tools and equipment	Furniture, fixtures and fittings	Lifeline equipment	Computers and office equipment	Vehicles	Total
	£000	£000	£000	£000	£000	£000
Cost						
At 1 April 2022	42	207	369	72	580	1,270
Additions	9	-	7	-	61	77
Disposals	-	(1)	-	-	1	-
At 31 March 2023	51	206	376	72	642	1,347
Depreciation						
At 1 April 2022	30	206	361	71	305	973
Charged in year	11	1	5	1	157	175
Released on disposal	-	(1)	-	-	1	-
At 31 March 2023	41	206	366	72	463	1,148
Net book value						
At 31 March 2023	**10**	-	**10**	-	**179**	**199**
At 31 March 2022	12	1	8	1	275	297

Notes to the financial statements (continued)

15. Investment properties: non social housing properties held for letting

	Completed investment properties £'000	Investment properties under construction £'000	Total £'000
Cost			
At 1 April 2022	4,223	-	4,223
Additions	147	-	147
Cost at 31 March 2023	4,370	-	4,370
Revaluation/(impairment)			
At 1 April 2022	789	-	789
In year revaluation	(147)	-	(147)
Cost at 31 March 2023	642	-	642
Carrying value			
As at 31 March 2023	5,012	-	5,012
As at 31 March 2022	5,012	-	5,012

Investment properties were valued as at 31 March 2023 at their open market value based on an independent valuation by Rupert David & Co Chartered Surveyors. The valuation was carried out in accordance with the RICS Valuation - Global Standards 2017 and the UK National Supplement (The Red Book). No allowance has been made for the liability of taxation that may arise on disposal and no alteration has been made to reflect the costs of selling. All valuation figures are exclusive of VAT.

If investment properties had been accounted for under historical cost accounting rules, the property would have been measured as follows:

	2023 £'000	2022 £'000
Historic cost	4,371	4,224
Accumulated depreciation and impairment	(285)	(232)
	4,086	3,992

Notes to the financial statements (continued)

16. Stock

	31 March 2023 £000	31 March 2022 £000
Raw materials and consumables	47	110

17. Properties held for sale

	31 March 2023 £000	31 March 2023 £000	31 March 2023 £000	31 March 2022 £000	31 March 2022 £000	31 March 2022 £000
	Completed properties	Land and properties under construction	Total	Completed properties	Land and properties under construction	Total
Shared ownership properties	-	893	893	113	845	958
Total properties held for sale	-	893	**893**	113	845	**958**

18. Debtors

	31 March 2023 £000	31 March 2022 £000
Due within one year		
Rent and service charges receivable	616	669
Less: provision for bad and doubtful debts - rents	(193)	(239)
	423	**430**
Other debtors	189	208
Prepayments and accrued income	544	550
Amounts due from group undertakings	593	510
	1,749	**1,698**

Notes to the financial statements (continued)

19. Creditors: amounts falling due within one year	31 March 2023 £000	31 March 2022 £000
Trade creditors	228	205
Rent and service charges received in advance	985	1,056
Amounts owed to group undertakings	235	2,236
Other taxation and social security	34	34
Other creditors	184	259
Accruals and deferred income	1,581	1,554
Deferred capital grant	88	183
Right to Buy receipts due to Daventry District Council	1,656	455
	4,991	**5,982**

20. Creditors: amounts falling due after one year

	31 March 2023 £'000	31 March 2022 £'000
Inter company loan	113,614	123,394
Deferred capital grant (note 21)	8,168	7,806
	121,782	**131,199**

21. Deferred capital grant

	31 March 2023 £000	31 March 2022 £000
At 1 April	7,989	7,861
Grant received in the year	315	279
Released to income in the year	(88)	(171)
Grant deferred from property disposals	40	20
	8,256	**7,989**
Amounts to be released within one year	(88)	(183)
Amounts to be released in more than one year	(8,168)	(7,806)
	(8,256)	**(7,989)**

Notes to the financial statements (continued)

21a. Recycled capital grant fund

	31 March 2023 £'000	31 March 2023 £'000
At 1 April	20	14
Inputs to RCGF:		
Grant recycled from property disposals	25	6
Balance at 31 March	45	20

22. Debt analysis

	2023 £000	2022 £000
Due within one year		
Bank loans: Futures Finance Limited	-	675

	2023 £000	2022 £000
Due after more than one year		
Bank loans: Futures Finance Limited	15,000	24,450
Bond debt: Futures Treasury PLC	98,614	98,944
	113,614	**123,394**

Based on the lenders' earliest repayment date, borrowings are repayable as follows:

	2023 £000	2022 £000
Between one and two years: Futures Finance Limited	-	-
Between two and five years: Futures Finance Limited	-	9,450
After five years: Futures Finance Limited	15,000	15,000
After five years: Futures Treasury PLC	98,614	98,944
	113,614	**123,394**

The gross amount of debt is £113.6M (2022: £123.4 million).

Funding is provided through two treasury companies, Futures Treasury PLC capital bond finance and Futures Finance Limited bank debt.

Futures Homeway Limited has entered into an intra-group loan agreement which sets out the basis of the loan charges and any conditions attached to them. A cross guarantee structure has been put in place and loans are secured on properties held by Futures Homeway Limited and are charged to a security trustee. The WACC is 3.76%.

Notes to the financial statements (continued)

23. Financial commitments

	Approved and contracted for		Approved and not contracted	
	2023 £'000	**2022 £'000**	**2023 £'000**	**2022 £'000**
Expenditure on the acquisition/construction of housing	2,958	2,455	7,328	8,824
Repairs partnering contracts	-	-	4,017	4,622
Acquisition of other fixed assets	-	-	437	678
Total	**2,958**	**2,455**	**11,782**	**14,124**
Financed by:				
Borrowings	2,958	2,455	7,328	8,824
Operating surpluses	-	-	4,454	5,300
	2,958	**2,455**	**11,782**	**14,124**

24. Operating leases

The payments which the company is committed to make in future years under operating leases are as follows:

	31 March 2023 £000	**31 March 2022 £000**
Land and buildings		
Due to expire: within one year	59	59
Due to expire: one to five years	118	177
	177	**236**

Notes to the financial statements (continued)

25. Related parties

The company has taken advantage of the exception available under FRS102 from disclosing transactions with other wholly owned members of the Group headed by Futures Housing Group Limited.

The Group executive directors are considered to be the key management personnel of the company, who are remunerated by Futures Housing Group Limited.

26. Ultimate parent company

The company's immediate and ultimate parent company and controlling party is Futures Housing Group Limited. The consolidated financial statements can be obtained from the Group's registered office:

Futures House
Building 435, Argosy Road
Castle Donington
Derby
DE74 2SA

27. Post statement of financial position events

The Group's view is that there are no post balance sheet events that require the amounts in the accounts to be adjusted.